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ALBANIA

Norwegian Paper on Attitude Toward Religion

90EB0250A Oslo AFTENPOSTEN in Norwegian
2 Feb 90 p 9

[Article by Bjorn Skogstad, information secretary of Mission Behind the Iron Curtain: "...While We Wait for Albania"]

[Text] Newspapers and other mass media are now starting to take an interest in Albania. A staff member of the Norwegian Broadcasting System recently said to me: "We'd barely opened our eyes to the distress in Romania when the revolution overtook us. Now, in any case, we must try to keep up to date with what's happening in Albania."

But what actually is happening in Albania, this little country the size of Hedmark County with 3.3 million inhabitants?

The country's leader, Ramiz Alia, asserted in his New Year's Day message that there will be no talk of abandoning strict interpretation of Marxism-Leninism. This suggests that such a possibility must have been under consideration. But it is almost impossible to acquire reliable reports from Albania. The isolation is total.

Ramiz Alia was quick to recognize the new regime in Romania. Living in fear of being seen as Ceausescu's supporter, the last in Europe, was hardly tempting. Which got a reaction out of AFTENPOSTEN: "What if you let the Albanian people themselves choose which system of government they wanted to live under, the way the Romanian people did? Would the communists in Romania like it then?"

But this was AFTENPOSTEN in its editorial column. The 13 January issue of AFTENPOSTEN treats us to an entire page on Romania, a travelogue which pays uncritical homage to the little mountainous country. Not mentioned once is the fact that religious belief is outlawed, that secret police monitor everyone and everything, that contact with Albanians without an official interpreter is forbidden. Instead, the beauty and the tranquility are described—something a stressed-out Norwegian certainly needs—but these features are partly due to the fact that it is impossible for an ordinary Albanian to own a car. This is an example of the state's control over the average Albanian.

Radio Tirana, the state radio station in Albania, issued the following message a while back: "There are still men and women who profess the Christian faith. They meet in the evening to pray together. But we will find them and destroy them."

Albania was the world's first country to forbid all religious practice. This occurred in 1967. Shortly thereafter, all the existing churches, mosques, and religious buildings were converted to secular use or destroyed. Crosses and other religious symbols are routinely removed from

cemetery plots. Even to have a personal faith is a crime in Albania. Clergymen, both Christian and Islamic, are killed, imprisoned, or "reprogrammed."

In 1988, a group of Netherlandic tourists in Albania distributed copies of the New Testament during their visit to a factory near the city of Berat. The tourists received a stern warning; their bus was searched, 100 copies of the New Testament were found and confiscated. The authorities immediately closed the factory and gathered together the books, which were burned on the factory premises. In line with "smut and pornographic literature," religious literature is forbidden.

There are no alternatives to the uncompromising atheism and communistic propaganda which the Albanians have been exposed to for more than 40 years. A book published by the authorities says: "God is our foremost enemy. The goal of the ideological war against God in Albania today is to liberate people from religious slavery. This is our dream. Down with God! Atheism is our reason for living."

This animosity toward religion is not just talk but also action—in the extreme. As recently as July 1988, we received a report that Catholic priest Pjeter Meshkalla had died in a prison camp. Earlier he had been incarcerated for 35 years. In 1985, two years after his release, he celebrated mass in his home. A new arrest followed: Meshkalla was then 84 years old, and he ended his life in a camp for elderly prisoners. In 1972, Catholic priest Stefan Kurti was executed for having baptized a child—the child of one of his fellow inmates in prison. The Vatican estimated in 1984 that 10 percent of the country's population belonged to a religious community which operated in secret.

But let us take a survey of the country's and the church's history. Everywhere in Albania hang posters with catchwords for communistic ideals. Enver Hoxha, the former leader of Albania, was practically worshiped as a god. He founded the Albanian Communist Party in 1941 and led the fight against German and Italian occupation forces during World War II. Hoxha formed a popular front government in January 1945, and Albania was proclaimed a people's republic in January 1946. Industry and the economy were nationalized after the Soviet model, and the Communist Party became the state party. Relations with the Soviet Union deteriorated gradually after Khrushchev had his showdown with Stalin, and diplomatic ties were severed in 1961. The split from the Warsaw Pact came in 1968 after the invasion of Czechoslovakia. A rapprochement with China was also aborted in 1978 when Mao Zedong's ideas were criticized. The country is now governed on the principle of self-sufficiency. In Enver Hoxha's opinion, Albania was the only country that honored the Marxist-Leninist legacy; all others were traitors or class enemies. In the years following Enver Hoxha's death, this "lighthouse of revolution in Europe" has opened itself a little more to the outside world.

Reports are now beginning to come in that there are demonstrations and unrest in the country—something the Albanian authorities deny, of course. In particular, it is the Greek-speaking minority, roughly 200,000 persons, who report infringement of their rights in the southern part of the country. They tell, among other things, of public executions to intimidate people and keep them from demonstrating, features not entirely foreign to Ceausescu's Romania. The Albanian people have access to Italian television. From it they get information about what has happened in the rest of the Eastern bloc. The communists have fallen like dominoes: most recently it was Bulgaria which agreed to end the party's leading role in society. And the Albanian people now participate in this via the television screen. It will be exciting to see how the changes in the communist world spread to the most isolated country in Europe.

Mission Behind the Iron Curtain shares responsibility for radio broadcasts to Albania. This is the only way to introduce the Gospel into that country. It is difficult to offer religious literature to Albanians, who fear severe punishment. Imprisonment of up to 10 years for owning a Bible or practicing one's faith makes this understandable. But even the state reports that people still meet for religious services.

The Albanian security police, much larger compared to the number of inhabitants than was the case in Romania, must continue to fight against "religious fanaticism." I wonder if, as in Romania, this could be the beginning of the end.

CZECHOSLOVAKIA

Call for Restoration of Humanistic Curricula in Universities

90EC0261A Prague *LIDOVE NOVINY* in Czech
Dec 89 pp 4-5

[Article by Ladislav Hejdanek: "Politics and Programs"]

[Text] Persons averse to political programs often adopt as their ideology the well-known, half-true but actually misleading maxim which alleges that politics is the art of the possible. Their aversion may stem from human nature, although it also may have (and in most cases really has) a historical basis. Be that as it may, somewhere deep down inside it always conceals some latent "metaphysical" assumption which may be, and occasionally is, articulated. In fact, that does not apply exclusively to politics but also to other areas of social life. The ideology of the developing and successful capitalism anticipated conditions in which the world would go its own way and therefore capitalism believed that people should be left alone to do whatever they please; understandably, this applied only to entrepreneurship. In practical terms this meant that society and the world in general were regarded as a kind of a self-governing organism that will sooner or later bring order even to areas where there had occurred deviations and even

excesses. However, the situation over the past two centuries has undeniably shown this to be a fallacy, unsubstantiated for two reasons. First, it is evident that industrialization and the consequent growth of production has not only brought about disorders but economic catastrophes as well. That is not all; today there is increasing evidence that exhaustion of resources and, conversely, accumulation of by-products both threaten not only to destroy but to set off major catastrophes that will affect the whole biosphere and, with it, also man. Both these threats pose an urgent problem and a challenge to mankind: Humanity must assume responsibility both for economic failures and catastrophes as well as for the damage done to the biosphere. In the future, people can no longer permit themselves to interfere to any major extent, or repeatedly, with the life of society or with nature without first thoroughly considering all potential immediate, and in particular more distant, consequences of such interventions. What's more, it may be even more important to raise awareness of this necessity and not to limit the preliminary investigation of potential consequences to a narrowly restricted area or field, but to consider other areas and fields as well, in fact, to consider them all. What does this connote for a new understanding of politics per se?

Society, in other words, the modern "polis," is not the real, genuine organism able to preserve its internal balance all by itself; it only resembles something of that sort, and that only when viewed by a very casual observer. Rather, it is individuals who react this or that way to one another and to the most diverse conditions. After all, even in nature the situation is not different: biota and the whole biosphere represent a "historically" developed association (of plants, animals, and microorganisms) which, in fact, cannot react by itself to anything, except via the individual organisms. However, in the case of human beings, self-consciousness comes into play, articulated by language as thought. This novelty has led directly to an enormous expansion and intensification of man's awareness (i.e., his being aware of the here and now) within the condition of his existence in the world: man is capable of imagining vividly the very distant past or future, i.e., he can project into his contemporary awareness events of the past, or on the other hand, events which have not yet occurred, and can make them part of his present. However, this forces him to respond, here and now, to the future as well as to the past—and, also, to take responsibility for them. It is his responsibility for the future, i.e., his response to the challenge of the particular "possibilities" or, more precisely, to the choice of intended actions, compels him to plan and formulate programs.

What we are experiencing in our country today is so new and surprising in its specific manifestations that none of us could anticipate their exact form. Nevertheless, it is astonishing that no political program has been formulated in recent years, nor published even in a limited outline, that could now be submitted for real public discussion; we are still waiting for such a program today.

Thus far, what we have heard was just proclamations by the diverse groups of independent initiatives and by the political parties that are now being organized and that resemble one another like peas in a pod. But these proclamations represent nothing more than more or less disjointed statements expressing general democratic principles, statements that are far removed from any real political program or political conception for the future life of our society. Today we can frankly note that our political intelligentsia has failed us again. The initiative was seized above all by students together with the rest of the young generation; of the older generation, mainly political nonprofessionals have become involved, trying to undo what the politicians of the past had neglected. We cannot afford nonprofessional politicians, now or tomorrow, not to mention the fact that they will be completely wasted if they are allowed to dabble in politics, when, at long last, they should be working in the field in which they really excel. Today we see excitement, optimism, and often euphoria all around us, but although all this may be important, it will not do much longer. The day will soon come when our euphoria will fade, our optimism will vanish, and our joy will be shaken because we will have to face the harsh reality. Whom then will the nation blame? Today and tomorrow there will no longer be any suitable "foreigners" on whom we could pin all the blame (as on Hitler and nazism during the Munich era, or on Gottwald and the communists in 1948, or finally, on Brezhnev and the "allied" armies in 1968). It will be cold comfort to us if, once again, we try to look around for scapegoats. Should we waste or blunder away our great opportunity again, we will have no one but ourselves to blame. Whose fault is it going to be? What could have most people done in the beginning of the normalization process and during it? Indeed, they could have been more defiant and resist more, but is it not obvious that our intellectuals, our educated people, are most to blame? If in the coming years we shall prove that we are incapable of taking advantage of all the opportunities that are now opening to us, our people cannot be blamed and faulted for that anymore; day in and day out, our people are showing better judgment than could be expected after fifty years during which our nation's political, moral and spiritual culture was systematically crushed. When in the future we shall critically assess this period and the years that have preceded it, it will be necessary to analyze above all the causes of the failure of the intellectuals, and in our case, particularly of the politicians.

The only "program" discussed thus far was drafted by the now already well-known team of experts on prognostics under the guidance of Valtr Komarek. The discussion must start with this program since so far, it is the only one, although nobody is familiar with it, except for a dozen or two of chosen individuals. As a result, it is imperative to publish and circulate it promptly and to organize discussions with the participation of experts from the most diverse fields. Our society is shattered not only as concerns its economy and technology (sciences, etc.) but also—and in particular—as concerns its ideas,

education, ethics, and spiritual life. This is not a question of preventing an even greater economic confusion, but of planning several decades ahead. In all probability, our society may recover economically in 10 to 15 years, but our universities—and here I refer primarily to the study of humanities—will need much more time. It will take no less than two generations for us to improve our general education: even that is not enough (because precisely in this respect nobody will be able, or know how, to help us) for us to achieve a better standard of thought and of moral and spiritual orientation. In this respect, the ideological, moral, and spiritual legacy of our past is not negligible; moreover, once we return to Europe (in terms of culture), we must assume responsibility—that is, our specific Czech and Slovak responsibility—for the all-European legacy. All this will not, and cannot, be done without well-planned programs and conceptions; needless to say, not only those pertaining to technology and organization. We should soon get used to the fact that politics must always be related to the whole life of the community, not just to some of its aspects, and not only in order to design and modify the structure of that life, but to cultivate independence and self-determination in our political actions, in the same way as gardeners cultivate their trees and flowering plants.

GERMAN DEMOCRATIC REPUBLIC

FRG Study on Prospects, Risks Published

90EG0199A Cologne DEUTSCHLAND ARCHIV
in German Vol 23 No 1, Jan 90 (signed to press
2 Jan 90) pp 36-48

[Article by Prof. Dr. Friedrich Hafner of the University of Munich: "Desirable Developments for Both German States and the Risks and Chances Connected With Them"]

[Text] Engaging in reflections concerning desiderata as such is not the task of scholarship in the traditions of Max Weber. Rather, desirable goals and goals worth striving for are brought forth by the groups within society, and then subjected to a scientific analysis in terms of instruments, consequences, side effects, and problems in such a way that the normative backgrounds and the backgrounds in terms of value systems must be addressed. But the more seriously one represents this point of view, the more one is compelled to go beyond it: the analysis of various goals and desires in terms of what can be realized and in terms of the problems surrounding them points up which ones can be realized in an easier, less problematical, less conflict-laden way than others, thus providing additional arguments for the evaluation of desirable things that lie outside the realm of the latter value systems. This compels one toward deliberations about policies and about values that one properly "should want." Precisely at the point when one establishes such analyses, the perceived values that are involved themselves become the topic of the discussion. It is probably accurate to say that as a result of such all-encompassing discussions, whether they be open or

closed, a development of perceptions of goals is set into motion, as J. Habermas wrote years ago.

At the present time, we are in a very particular way the witnesses of, and participants in, such developments and discussions in both German states.

Precipitous events require not only a reconsideration of old positions, but a weighing of new facts and situations with regard to the desirable developments. The remarks that follow will not address in any great detail the causes of the present situation in the GDR, nor will the reasons for the mass movement be investigated. They are known from a vast body of literature, or they are, at least as far as economic questions are concerned, obvious. Nor will desirable scenarios be developed alone, because they slip into the realm of the Utopian all too easily. Instead, Section II will address the complexes of problems against the backdrop of the concrete socioeconomic developmental possibilities of the GDR that are assigned to readily identifiable interested parties. They are presented among the various developmental possibilities in a manner that differs from that of the other possibilities only in certain respects; often, problems and their solutions are independent of them. Thus, tourism, migrations of the population, commercial relationships between the Federal Republic and the GDR, the relationship of the plan to the market, as well as problems in conjunction with the EC's internal market will be discussed. The fact that in the process not only scientific analysis, but speculative thought is grasping for space, is the result of the questions asked. These questions must and will provide a challenge that demands completion, criticism, and contradiction.

A limitation is to be made with regard to the initial situation: With regard to current developments in the GDR, all the present author had at his disposal, basically, at least as far as the more recent times were concerned was NEUES DEUTSCHLAND. In particular, publications of the newer political interest groups, which are not always generally accessible, and the more highly differentiated so-called provincial newspapers, could not be consulted. For this reason, no comparison of such reform concepts was undertaken; rather, the general conceptual and factual problems were dealt with in greater detail. The essay was concluded by mid-December, 1989.

I. Basic Opportunities for Economic and Social Growth in the GDR

In what follows, various developmental possibilities (pathways, scenarios) are indicated for the GDR, against the background of which the aforementioned factual problems will be discussed in the section that follows. The juridical implications, the implications of national, as well as international law, the manifold juridical and historical limits imposed upon how much leeway there is, should retreat into the background in the process; rather, the economic, and, by way of complement, the social factual logic will form the basis of the analysis.

1. Improvements in the economic and social system that has existed to date in the GDR, while maintaining its basic structure in terms of its economy and the character of its society—this is evidently the position taken by the “old guard,” that is to say, by all of those who came out in opposition to similar reforms in recent years in the GDR, as well as in Hungary, Poland, and the USSR, and they stand for traditional Soviet socialism in the “GDR’s colors.” In support of their position, they could, and still can, cite the comparison between the socialist countries of Eastern Europe, in which the GDR made a good showing in terms of its ability to function and its standard of living. In the face of that, the population looked toward the West, in which case, this comparison was very favorable to the GDR. Today, this position is held primarily by former and still active Party functionaries, frequently by NEUES DEUTSCHLAND, and by many, who, as functionaries, would only lose if a change were to take place, albeit they often state their position behind the empty shells of updated rhetoric.¹ That portion of the population that is inactive and has grown accustomed to the old conditions must be considered as belonging to the de facto supporters of this position. In terms of content, what is at issue, besides maintaining the old basic structures in the economy and in the society, are reforms that will eliminate the evident shortcomings of the economic system, or even just ameliorate the worst consequences, so as to regain the support of the youth who are demonstrating, and to perpetuate the formally relinquished claim of the Socialist Unity Party of Germany [SED], i.e., even in the constitution, that leadership resides with it. Here, as in prior reforms, the attempt is made to further develop the old system and to rationalize it. One can hardly expect a breakthrough to a functioning model of socialism.

On an individual basis, intentions can be counted that have as their aim the removal of the inflation and its consequences. One's thoughts turn in particular toward a decrease in the budget deficit and a gradual decrease in subsidies, but precisely as a result of these measures an increase in those subsidized prices, which will have an inflationary result, will occur. Precisely in this regard, a clear-cut change toward the prevailing (published) views, such as, for example, those of J. Kuczynski and O. Reinhold,² has occurred, often expressed by the same people.³ In maintaining central planning today, an expanded market orientation is called for (“market-oriented planned economy,” O. Reinhold: “an economically founded synthesis of planning and limited market orientation,” K. Morgenstern). But it is important to remember that the market in the literature from the GDR that relates to this topic is largely understood as the final sphere of realization (as is also expressed in the figures relating to the final production), and that it continues to be managed in practical terms as a controlled and regulated market, and thus not as a market-price mechanism. Increased efforts aimed at increasing efficiency through discipline at work, increased impetus

to perform as a result of differentiated wages, rationalization, and the formation of target areas in technological progress are all aspects of reforms in this direction. To a large degree, this direction of reform was marked by a great deal of rhetoric and propaganda, without any successes that were breakthroughs in practice. Given the foundations of the traditional system, that will hardly change. A somewhat greater effect could be brought about by the experiment that has been underway in 16 collectives, in which self-financing of the expanded production and expanded self-reliance are being tried. But, in light of the further-reaching efforts at reform, their fate is uncertain. Even the promotion of small and medium-sized firms, which has been called for for a long time, but hardly realized, whether on a basis of state operation, cooperative, or individual, private basis as a small mercantile or skilled trade undertaking, which might now be implemented, has some chances of promising success. Here, in point of fact, something more could develop in terms of flexibility and orientation toward the market, but it would not be a fundamental change. On the whole, these modest efforts at reform would probably not result in any profound improvements in the supply of goods or in the incomes of the population, but "peace and order" in the traditional sense would return once again. The mood of the people (including the motivation to work and motivation toward activity), could hardly be improved. Western credit and increased deliveries of goods could support policies in this direction, but they could hardly bring about long-lasting effects in terms of an improvement of the system's basic conditions. Turning aside from the state's fixed rate of 1:1, the currency could be stabilized at a low rate,⁴ but with a tendency to decline. On the whole, a certain degree of economic stabilization at the traditional level would be the result, with weak growth. Given open borders and increasing political dissatisfaction among the people, emigration could only be perpetuated.

2. *Reforms as a "conservative revolution"*⁵ could serve as a watchword for a direction of reform that is aimed at the creation of a "true" socialism or a "new" model of socialism. The question of whether the model of socialism in question is more heavily dependent upon the interpretations of the classicists of Marxism, or whether, as a deviation from them, a new model of socialism were being created is one that would be of subordinate significance. The decisive factor is that in discussions having to do with these matters, the old economic system of the GDR is rejected, and even the Hungarian, Polish, and Soviet efforts at reform are viewed in a more critical way, rather than being held up as models for emulation. A model of socialism that is unique to the GDR is being sought. But the scientific trial run is missing, and de facto, there are many heterogeneous preconceptions that are not consistent, and oftentimes not practicable. A definite lack of systematized theoretical thought can be detected, but recourse is taken to classical-Utopian ultimate goals.

This reform movement is being borne by all those who want to preserve the GDR's economic and social autonomy and hold fast to the preconceptions of socialism, thus rejecting a dominant system based on a market economy. Here the GDR's past, Communist education, and concrete life are not working in rapidly adapting conviction. Frequently, more and more secret adherents of the first-cited path are voicing their opinions in the terminology of the new socialistic thought, but the old preconceptions keep shining through, or, at the very least, the suggestions are ambivalent.⁶

The discussions surrounding such a model of socialism encompass all the nuclear areas of the society and the economy: Socialistic property in predominantly rigidly centralized form is being questioned, and the discussion is turning toward private property, or self-government among the workers (albeit relatively weakly, initially). A new definition of the relationship between plan and market stands at the center of the debate. The market is frequently represented in a much more undogmatic way, and, in terms of its ability to function, in a more correct way than in the first variant, but the combination of plan and market is not given any precise form; in the final analysis, the combination remains unclear (see below). Nevertheless, recognition of the positive functions of competition, also lead to a reexamination of the organizational structure of the collectives and to positive estimation of private economic activity beyond the realm of small-scale production. Budgetary restoration, anti-inflationary monetary policy, and the preservation of social institutions, while at the same time increasing achievement orientation, are not only being discussed in a controversial way; they are, indeed, controversial. On the whole, the direction these reforms are taking must be regarded as extremely interesting from an intellectual viewpoint, but in terms of content, they must be viewed as open. This reform pathway has not yet led to any operational results, so that no concrete reforms based on this pathway can as yet be begun. Nevertheless, in certain segments of the population, the discussions have provided the impetus for creative involvement; the notion that this involvement will assume the form of an increase in labor productivity is a distinct possibility.

If this path were taken, high transformation costs, errors, losses due to a lack of smooth functioning, etc., would have to be dealt with. Time and a certain digestive process are necessary for discussions and experiments; internally, neither one is available. Help from the outside would foster the process, but it could not provide any assurance that an acceptable and socially viable economic system would result from the process of discussion and experimentation. Due to the fact that aid from the outside must, of necessity, be limited, a slight degree of success in the area of reforms, or a lack of success in those reforms, would result in bottlenecks of supplies and a decrease of real income as a short-range and mid-range consequence. An increase in efficiency and an increase in competitiveness in the world market are improbable in a foreseeable period of time. This

would lead to a continuation of the emigration process in waves, and thus, the reform process would be rendered more difficult.

3. *Models of unification.* These spring up, above all against a backdrop, in particular, of Western images of reunification, and in the GDR, they were not initially widely accepted. More recently, however, at demonstrations, and in opinion polls, they have been demanded by a segment of the population: evidently, they captivate the desires of many citizens of the GDR. Under certain economic conditions (worsening of the economic situation) and certain political conditions (further disavowal of the SED-PDS [Party of Democratic Socialism]), they could turn into a reality that was carried by a majority.

Thus far there are no clearly worked out and recognized views concerning the unity of two heretofore separate economic and social entities.⁷ More would be at stake than an adaptation of the GDR's economic system to that of the Federal Republic (the reverse path, or even some sort of compromise solution are not theoretical cases that can be wished for, and they will not be discussed here); what would be at issue would be a metamorphosis of internal German commerce into a domestic trade, an adaptation of the social structure, the laws pertaining to property, and other social spheres. On the whole, a multivariable transformation would be at issue. It is possible to distinguish three main pathways toward such a unification:

a) *Shock strategy:* The introduction and securing, to whatever extent possible, of basic market economy conditions, will be realized within a short time by the suspension of the GDR's economic system. A radical currency reform, with the introduction of the West German mark, transformation of state property to private, or at the very least, ownership by enterprises that act in accordance with the market economy, the dissolution of the collectives, and direct importation of capital (direct investment) by Western (not only West German) firms, would correspond to this pathway, which would be similar to the currency reform of 1948. With the elimination of the mechanisms of the planned economy, it would be possible to assume ad hoc market coordination with free establishment of prices,⁸ and, in conjunction with the opening of the borders, it would be possible to assume that there would be a broad spectrum of goods from Western suppliers, thus eliminating the scarcity of goods. But the GDR's supply of currency it had earned for itself (even though it were supplemented by transfers), would be slight, and so would the demand. Full shop windows and lots of poor purchasers would be the result.

The consequences for the GDR would be a shock as far as social living conditions are concerned: increases in prices, decreases in terms of real income, pronounced structural changes with shutdowns and unemployment, as well as shifts in entire branches of industry and shifts from region to region. The traditionally strong output of the weak GDR economy would totally collapse. Social

amenities (little job-related pressure and social security), but also the shortcomings of the GDR's social policies⁹ (a level that is too low, and, to some extent, planned political orientation), would be questioned over night. Western standards in social policy would have to be introduced gradually, because full and immediate integration into the German Federal Social Security system seems hardly possible, due to problems associated with financing. Indeed, economic entities that are capable of producing (firms and workers), could earn production-oriented incomes in West German marks, but as for the economy as a whole, and for the broad masses of the population, a shock would result, not only in terms of political policies, but in social terms as well. Initially as a medium-range or a long-term goal, and then only gradually, would it be possible to achieve integration into the efficiency and the living conditions of the West with a certain degree of security and success. One precondition for this is that not only must growth over into the Federal Republic's market economy occur, or rather that the two systems grow together into one; in addition, property-based preconditions must be created or they must develop, as must an organizational structure that is based on competition, and a market-oriented mode of behavior. To do all this, the assistance of Western concerns, up to and including takeovers (which would not be accomplished gratis), would play a contributory role, but in this way, in the eyes of many citizens of the GDR, a form of "GDR closeout sale" would be realized (see below).

In reality, not even the shock strategy could be brought about "over night"; it would require time (through such measures as transitional laws and power transfer laws). Delays are necessary to accomplish such undertakings. For this reason, a conscious mid- to long-range strategy of realization of unity seems to be more rational, one that makes provision for regional strategies, transfer strategies involving the problems surrounding the relocation of entire branches of industry, or group-specific transitional strategies with temporary protective and guarantee provisos, even if, as a result, regulation by the state increases.

b) *The GDR (or individual portions of it) set up as a special area from the standpoint of economic and social status.* A consciously constructed transitional period for the GDR to make the conversion to conditions of a market economy, provides the opportunity (in a remote analogy to the incorporation of the Saarland) to ameliorate the shocking effects, to learn from abortive developments, and to change the time frame, if necessary. Whereas in the case of the shock therapy, the market economy concept would clearly become a kind of "hammer" of reform in the GDR, the method of creating special regional areas would give economic policy the upper hand in determining which transitional policies had to be developed in all areas. The political organs of the Central German region would assume a role in working out the provisions of the special status. This special status would consist of a wide range of individual

provisions, and it would be realized administratively and bureaucratically in detail. Financial assistance and the involvement of the economy of the West would also play a part.

The balance between bureaucratic regulations and the mechanisms of a market economy would lean toward the accustomed administrative procedures in the East, and to those administrative procedures that are practiced in the West. Such a path would be compatible with the many regulations surrounding the EC internal market.

A variant of the administratively defined "special area of Central Germany" or "East Germany" could be the restoration of the five former states (which existed until 1952) that made up the GDR (except for East Berlin), namely Saxony, Saxony-Anhalt, Thuringia, Brandenburg, and Mecklenburg. On this political basis, special regional conditions within the GDR could be taken seriously, a differentiation of the adaptation process could be undertaken, and thus this differentiation process could assume a more effective form. It remains questionable, however, whether these old structures can be resuscitated at all. The possibility exists that even though such a measure would correspond to the federative structure of the Federal Republic, it could be interpreted as a tactically motivated, divisive policy on the part of the GDR. This solution would also correspond to a confederation on a socioeconomic level, in that it preserves a large measure of autonomy for the GDR.

c) *Intraindustrial, technical, and functional cooperation* between the organizations of the Federal Republic and those of the GDR, without the formation of a special zone: this path would lie between market-economy shock therapy and a cure under special regional conditions: it would strengthen the horizontal interrelationships, that is, those that exist between industrial associations, professional groups and associations, other associations, clubs, and other cooperative groups into an organizational basis for a medium-term strategy for unification. A regional separation would be avoided; initiatives within the components of the social structure, which already has connections of many types with the GDR (internal trade between the two Germanies), ties which could even be strengthened, would come to the foreground, so that unity would not be left to the vagaries of the market on the one hand, and those of central laws and regulations on the other hand. Without such laws and economic forces, nothing would function if commitments are required or an equilibrium of the negotiations and the acceptance of interests is not assured *ex ante*.

Such interdependencies presuppose equilibrium in terms of the social development of the Central and Eastern German economies with regard to the West, an equilibrium that does not yet exist today, but it is possible to imagine negotiations taking place between new Ministries of Industry of the GDR and economic associations, between municipalities, districts, and professional associations, between trade unions, between universities, in which temporary solutions and temporary assistance

could be found independently, or state regulations could be formulated. The horizontal connections between midlevel social structures would, in this instance, be the main support beam of a unification strategy. Partnerships between cities were the precursors. Activities of many types along these lines of cooperation have been set in motion. This seems to be the path toward unity that has already been taken in its various forms, without the existence of unity or equality in terms of goals or strategies for their realization, to be sure.

The pathways toward a strategy of unification that are enumerated here are not mutually exclusive in practice; they can be, and, indeed, they would have to be, combined to a certain degree, but a decision with regard to a primary path or a basic model of a unification strategy would have to be made. In every instance, this would be a decision of primary importance to the people of the GDR themselves, regardless of what new political structures may arise.

4.A *(modern) market economy system in an independent GDR*. It would no longer be a socialistic country, but it would become, if one disregarded market socialistic structures as a goal, a capitalistic "GDR." This model has not found much of a reception so far, and it is also a questionable matter as to where (within the GDR) private ownership of the means of production, competitive structures, and market-oriented modes of behavior should originate, if Western assistance is not to be resorted to. To be sure, such an economic model would not have to eliminate all influences from the state; only the traditional planned economy would be eliminated, and state economic policies, as they exist in any Western real market economic system, would be possible, indeed, necessary.

Whether the GDR's acute problems (shortage of goods, inflation, low productivity, etc.) could be eliminated in this way, even as just a medium-range measure, seems questionable. The technological backwardness of the production plants, and, to some degree, of the products, the lack of the prerequisites of a market economy, even on the level of economic policies, give this path a long and thorny aspect.

The opportunities for development in the economy of the GDR enumerated here, are desirable or repugnant to various groups of Germans in the East and in the West to varying degrees. Other pathways are not precluded. In my opinion, it is important to recognize that there are various mountains, so to speak, that one may well intend to climb, and that in the case of the individual mountains, there are various trails one can choose, some of them replete with detours or paths that lead the climber astray. Within limits, combinations of strategies are also possible, but no such combination is possible between the basic alternatives. Two such basic alternatives are maintaining the GDR's economic independence, or unification with the Federal Republic.

Until recently, as is well known, the latter was, in accordance with the opinions expressed in published polls in the GDR, not a viable goal, but a definite change has occurred in this regard. The dominant development at present¹⁰ is directed toward economic autonomy of the GDR, in which case, the first and second paths are taken as a result of various opinions that have been expressed, and elements of the fourth alternative have been voiced as well. In the meantime, the Western concept of government, that of confederation, has found widespread acclaim in the GDR, by means of which the model of the "special area" (3b) is gaining in significance. In my opinion, no clarity in terms of political order or in terms of concepts can be determined at the present time. Strategic and tactical statements, open and reserved evaluations, verbal and practical modes of behavior cause the situation to appear open as yet in terms of medium-range and long-term developments.

II. Individual Problems of Development in Germany

In the remarks that follow—and no claims are being made that they are by any means complete—individual, and often incomparable and very heterogeneous socio-economic problems of development in the two German states, including their relationships to the EC and CEMA as well as to individual member states as they relate to alternative developments, will be dealt with. The various problems vary in terms of significance.

1. *Tourism and Shifts in Population*

Summarizing both problems is possible, if it is possible at all, only under the present conditions. If one assumes that the opening of the borders is permanent, migration is de facto a possibility, particularly if the social conditions are set up in such a way as to favor it.¹¹ Open borders create an incomparable urge for citizens of the GDR to travel to the West, an urge that (for the time being) is controlled only by financial constraints. The GDR's hard currency revenues, and the unwillingness, or objective inability on the part of the government to make hard currency available for purposes of tourism, represent a limitation, and financing by the West represents a compensatory opening; West German capacity to provide financing, and West German willingness to do so are topics that should not be dealt with here, but they are (even at this level), limited. Reunification sentiment is transformed into financial support only to a limited degree. Positive effects for the West, such as a return on taxes and promotion of areas that border the Zone are not compensations at full value. The solution of the welcoming money problem by means of a common fund, in the form in which it took effect as of January 1990, has the advantages of lumping financial assets together, and those of shared financing, even if such financing is inequitable. If the financial backing of tourism, in part by the individual sale of GDR goods and trinkets in the West in an analogous fashion to the Polish markets, streams of goods that would even worsen the supply situation in the GDR would be the result.

A complementary relief in tourism for citizens of the Federal Republic who go into the GDR has brought a source of income in terms of hard currency at an exchange rate of 1:1. The official exchange rate, set at 1:3 for citizens of the West as of 1 January 1990, will promote tourism to the GDR, but it will decrease hard currency revenues. Investments in tourism would be an absolute necessity. As long as the free rate of exchange is so unfavorable, and so unrealistic in terms of purchasing power parity, a boom in tourism (from the West) would lead to the extremely cheap purchase of luxury goods and goods for pleasurable consumption in the GDR. Under these conditions, compulsory currency exchange would even serve a purpose.

The stream of refugees does not solely depend upon the prevalent economic situation, but also upon social conditions, expectations, group mentality, etc. Nevertheless, the economic situation does play a major role. If, as a result of developments in keeping with the above-mentioned possibilities, the economic situation (supply of goods and services, income, etc.) improves, an ebbing of the flow of immigrants would result. If, however, the economic situation deteriorates in terms of the not too distant future or the distant future, as indications are that they might, or, even if the situation simply remains unsatisfactory, emigration will become a perpetual feature, and it could even take on the form of waves. Repercussions, particularly on the Western employment or housing markets are a threat, and they could become even worse than in recent weeks or months. Providing financial support for tourist trips and favorable integration benefits foster these tendencies; financial aid for the GDR from the West, regardless of the form it assumes, would tend to work counter to these migratory effects, regardless of the path the GDR selects.

2. *Trade Between the GDR and the Federal Republic of Germany*

If one summarizes the basic problems associated with the intra-German trade, and those associated with trade with the other Western countries, the GDR's opportunities for imports are chiefly limited by their exports, as well as their credits and financial transfers (such as set fees for the Autobahn). In addition, the need for imports is predetermined in large measure by the structure of the economy, and the primary area of concentration is that of urgently needed scarce raw and basic materials and equipment involving a high degree of know how. Refurbishing the old and broken down production facilities, approximating world standards, adapting and specializing the economic structure, and increasing efficiency, in short, everything that would come under the general heading "intensifying production" that has been called for in the GDR over the last 20 years, has been realized to a completely insufficient degree.¹² A dilemma exists in the sense that increasing the capacity to export and increasing internal productivity depend, to some extent, on increased imports, which, in turn, are limited due to the low level of exports. This dilemma can hardly be changed, i.e., improved, in the short term, given all the

developments in the GDR's economy, regardless of the success of economic reforms, whatever direction they may take, due to the difficulties inherent in making readjustments, and the high costs associated with them, the result is more likely to be a negative one than a positive one. This situation can be improved by goods or financial transfers. As a short-term measure, and to a limited degree, improvements in the way external trade is managed, improvements in the way incentive mechanisms are managed, better marketing contacts with the West, and improved market maintenance in the West might reshape the situation in a more favorable way. In other respects, a certain increase in indebtedness to the West is possible, even under current conditions, even though the status of indebtedness is considered in a much less favorable light.¹³ Improving the range of products offered, and improving the level of quality of the products, requires some deep-seated changes. It is a difficult matter to decide which direction structural policies should take.

Against the background of these problems, the motto "closeout sale of the GDR," which has become a popular one, has to be dealt with. It has real meaning, in at least four respects: a) the planning of the GDR's foreign trade was basically forced, and sometimes cyclically forced, to sell goods in the West (in the East as well) for which an urgent demand existed at home and/or at prices that yielded earnings far below internal costs. This policy was followed to finance imports and to prevent the status of their debt from deteriorating. Former Finance Minister Hoefer reported that the domestic value, in (Eastern) marks (in order to earn one DM in intra-German trade) deteriorated from 2.40 (Eastern) marks to 4.40 (Eastern) marks, and that, accordingly, 65 billion marks in devaluation were the result.¹⁴ In the eyes of average citizen of the GDR, this must look like a sellout, even though it must be pointed out by way of justification that, given the totally distorted internal pricing relationships, the relationship between advantage and cost in foreign trade can hardly be calculated.

b) It is also possible to speak of a "sellout," as has already been said, if Western tourists buy (at rates that are very unfavorable for the GDR, and therefore forbidden) free foreign currencies as cheaply as possible using marks to do so, then transfer them illegally and live happily in the GDR, taking advantage of the culinary delights East Germany has to offer (in some cases, at low prices), and buy quality goods in the GDR to bring them back to the West. Thus far, this problem has been of relatively little significance for the GDR, but it has grown with the (Eastern) mark's decline on currency exchanges in trade with the West, with the introduction of the tourist's exchange rate of 1:3, and with the decrease in controls. For other Eastern European countries, it was a bigger problem, particularly for Poland. As a result of the exportation bans on attractive, and, in most cases, highly subsidized goods, a barrier has been placed in front of their unwanted "export." Further measures of an administrative nature (sale only to domestic nationals) are projected.

c) A transfer of goods from the GDR to the West by those traveling there has already taken place to a limited degree, but as the scarcity of the DM among citizens of the GDR continues to make its presence felt, it will grow in importance. An analogy to the so-called Polish markets is commonly heard, but the GDR has more to offer.

d) A greater fear of a sellout involves the importation of capital, provided it is connected with the acquisition of property rights. To a certain extent, joint ventures fall under this heading, but what is primarily meant is the purchase of state-owned factories, or of a partial interest in them, and the purchase of land, which is still formally forbidden. Socialist ideology is still at work here, even though it prevented actual social ownership or ownership by the workers. What is at issue here is the justifiable interest on the part of the society of the GDR, not to be excluded from property rights. Appreciation of securities, modern management, the importation of technological progress, are based upon securing property rights and the right to transfer profits, or at least, the authorization to make a profit. A cautious reform of property regulations in the direction of privatization could make protected rights, guarantees as well as pricing and evaluative regulations a prerequisite for the internationalization and direct investment from the Federal Republic in some of the developmental ways indicated earlier. Nevertheless, it remains a difficult problem.

3. *Currency and Monetary Reform*

It is useful to draw a distinction between a change in the system of exchange rates, that is the external aspects of currency (currency reform), and the internal aspect, an internal revaluation of the basic unit of currency (monetary reform), even though both problem areas are closely interrelated. In the monetary system that has been in force in the GDR thus far, both aspects are subject to strict state regulation.

Although the GDR has developed along more positive lines in this regard than other socialist countries, the existence of a glut of money, which is expressed in backed-up inflation, i.e., in chronic shortages of goods, is uncontested, as is the presence of large quantities of money in the hands of the population.¹⁵

Negative impact on real income, the system of economic incentives, excessive savings, and a further weakening of the pricing system, which is unrealistic in any case, have been the result. A "currency cutback," in the sense of an introduction of a new monetary unit, the value of which would be determined as a result of a consolidation in a ratio of 1:n (n1), appears to be necessary in order to eliminate those phenomena. At the same time, however, other problems are mounting up, such as the formation of new price relationships, the exchange and preservation of the value of receivables, as well as social issues. Only a strong government is capable of such a monetary reform, and success is assured only if faith returns to the monetary system and a corresponding economic policy,

so that an enlargement of economic offerings, and particularly, an expansion of production are brought about, as was the case following the Western monetary reform of 1948. These preconditions, under present conditions, are hardly a given in the GDR. It would be easier to apply corrective measures to the main sources of the present inflation, namely the deficit-based state budget, and other areas of loss and the creation of money associated with them. But economic (plants that lose money would have to close!), and social problems (prices, pensions) are connected to these measures as well. Internal stabilization of the circulation of money would also be associated with an increase in the exchange rate of the mark on the monetary exchanges.

A currency reform, that is, a reorganization of exchange rates has the currently administered system of exchange rates as a backdrop, now that the official ratio of 1:1 is being maintained, while at the same time, strict regulation of transfer in commerce and the movement of capital is being practiced. A free exchange rate for the mark exists in Western banks as a free-floating rate, which, as a black market rate, hovers around a ratio of 1:10, with slight variations, and there is an illegal rate for forbidden private transactions in the GDR. The GDR itself calculates its internal currency transactions at different rates of exchange for the mark, so that it can achieve various internal distribution and stimulation effects by means of differences in exchange rates.

All the rates cited here, when adjusted to parities of purchasing power and balancing compensation and the balance of payment, are unrealistic, in point of fact. To establish order—in the sense of a system of exchange rates in keeping with market forces—relinquishing a monopoly on foreign trade and foreign currency would be necessary, as a result of which, a policy in the general direction of convertibility would be taken. Due to the fact that such a course does not appear possible on such short notice, in a best case scenario, the foreign trade ratio of 1:1 would have to be abandoned in favor of the ratio 1:4.4, which has already been cited, so that internal calculations become more realistic. In a worst case scenario, the internal administrative rate regulation remains at a level that cannot be managed, one that is totally unrealistic, given the economy of the GDR. This relationship would also be unrealistic in terms of the tourist trade as well, however, due to the fact that the calculated consumer price parities are in the vicinity of 1:1 (cf. cheap staples, etc.), depending upon which income category is taken as a point of comparison.¹⁶ An applicable currency reform relationship cannot be calculated or determined; it can only be arrived at in the marketplace. To that extent, the rate of 1:3 is not yet the “right” rate for the Western tourist trade, but it might be closer to a market rate, even if it means that goods produced in the GDR are even cheaper than they were at the old rate of 1:1.

4. Main Problems Surrounding Changing the System of the Planned Economy, Particularly the Relationship Between Plan and Market

As the presentation of the possible lines of development has shown, each path is associated with an economic reform, but each one takes a different direction and assumes a different form. The time needed and the necessary transformation costs that are associated with these reform models also vary. The more fundamental the reform, and the shorter the notice of its implementation, the higher the cost. The conservative argument for the traditional GDR economic system that is embodied in this statement can be disarmed by efficiency-increasing measures resulting from reforms. But each economic reform as it is applied to the current situation in the GDR, will result in a more or less high burden of costs being placed on the national economy initially, which will, in turn, result, among other things, in a reduction of real income, additional bottlenecks in terms of supplies, under certain circumstances, in inflation, problems associated with external trade, and social problems. The consequences that will affect tourism from the West and emigration, have already been indicated. The more far-reaching the reforms, the more pronounced—at least in the short term—the destabilizing effects. Reducing these effects would require a dynamically adapted intertwining of old and new coordination mechanisms, but one in which a simultaneous situation characterized by the fact that the old no longer functions and the new systems of coordination do not yet function, must be avoided, as we have learned from reforms in other Eastern European countries.

The central problem in all reforms is the relationship between plan and market, between the state and the economy, or the problem of economic intervention in the economy. Extreme positions, such as market coordination by itself, or plan coordination by itself, are eliminated. This is also a central problem of market economic ordering in the Federal Republic, which, at the present time is placing greater emphasis on the market through deregulation, but on the whole, one that is familiar with a historically proven relationship between market economy and intervention, a relationship that varies greatly in individual countries in which a market economy functions.

For the GDR and all socialist countries, the relationship between plan and market for more than 30 years, has been a scientific problem, and a practical problem in terms of reform, for which attempts at finding a “socially constructivistic”¹⁷ solution have been made. In the current reform atmosphere, the tendency is the same as that in the West, that is, more pointedly oriented toward the market, but the initial starting point (one-sided dominant planned economy) and the goal (retention of the state's planning function—in the developmental pathways 1 and 2 depicted above, and, in a greatly weakened form, in 3 and 4), are different. Without going into the details of the scholarly discussions, the following would be real possibilities for a more strongly market-oriented system, while retaining strong state controls, but they are fraught with reservations and caveats.

a) Continuing to foster small private enterprises (commerce, skilled trades, small industry), and tax abatement. By these means, those market activities that are already

present could be expanded to a regular market sector. To be sure, the formation of free market prices would lead to pronounced inflationary impulses in the presence of a paucity of goods and services.

b) Promoting the free cooperative movement (as it is called in the USSR), which would complement the private sector; if this were done, imposing limits on work for wages would have to be suspended.

c) Introduction of the lease (as in the USSR) as an instrument of private economic activity. In this way, the means of production would come to reside with private individuals and the cooperatives, which are, basically, poor in capital. In agriculture in this way, the collectivization could be partially rescinded—in an unobtrusive way, without dismantling the collectives. The danger exists, however, that the lessors could concentrate on the good property, which would thus contribute to a destabilization of the collectives.

d) A reduction of central planning to global plans, in conjunction with a narrowing and globalization of the plan's figures. As a complementary measure, as has already been discussed for a long time, a strengthening of coordination via horizontal agreements would have to take place.

e) The state gradually reduces its demands upon the economy by transforming the planning into orders from the state (cf. USSR), which fill only parts of the capacity, which are thus variable, and in future, they could even be transferred in a market economy auctioning process. There would have to be sufficiently strong incentives for a market-oriented production.

f) The state transforms (as has been done to some extent in Hungary) state-owned property into corporations, which means the problem consists of finding suitable proprietors, because the funds that are available in private hands do not suffice to finance the project.

g) Planning is being converted into indicative planning, which makes do with macroeconomic modeling, and leaves the microeconomy to market regulation. The macroeconomic goals are met by means of price-setting, financing policies, and credit policies. This would mean a considerable extension of the functions of the so-called economic lever, and it would require the ability to predict their effectiveness in advance in such a way, and to adjust their effect in such a way that the signals cause the reactions in the plants that are desired in the plan. Experiences to date in the East and the West have not been particularly favorable.

h) Rejection of state pricing and gradual development of market or negotiated pricing. The weak beginnings of market pricing would have to be expanded, reduced by sector and by region, and differentiated pricing plans, with the goal of differentiated decontrolling. Pricing limits are also a possibility. Experiences to date raise doubts, however, whether such a path of gradual price decontrols might not lead to a return again and again to

recentralization—due to inflation, due to supply problems, and due to social problems, but complete ad hoc decontrolling would compound these problems even further.

j) Little discussed, but possible in principle, and conceivable as an intermediate, or even a final stage are cooperative forms of coordination. In this case, state forms of planning and management are transferred to societies and associations, trade unions, or communes that cooperate by means of "collective bargaining." The requisite substructure hardly exists in the GDR, but in my opinion, it seems that it could be developed from the hierarchical decentralizing movement that is coming to the fore.

All the gradations between a market and a planned coordination that are indicated here entail many problems, and they are not unified here to a closed concept. There is no political goal model that is generally recognized in the GDR, or one that is scientifically based; a series of discussion topics is extant, however, a portion of which were published in *NEUES DEUTSCHLAND*. In most cases, in terms of economic systems, they are not consistent, and they have a pronounced normative character.¹⁸ In any case, rethinking among the planners and plants is necessary, as is an alteration of social modes of behavior (achievement) and expectations (social security) of the population.

5. European Internal Market and Intra-German Trade

The complex problem in its many variants will be treated here in just three of its aspects.

a) Regardless of what path the GDR takes, the particular conditions of intra-German trade that are based upon old agreements will be maintained on the basis of the treaty situation within the EC, at least for the time being. For the GDR, this means a certain degree of (swing) security in the Federal Republic, even if the GDR continues to retain the structures of a planned economy. To a limited degree, an expansion of the GDR's exports in intra-German trade if the border controls between the EC countries were abolished, which heretofore had been circumvented. Other Eastern European countries will participate in the process indirectly. But opportunists (and abusers) of the arrangement would be, to a large degree, West German and Berlin merchants. In order to improve their own relationships, presumably with other EC countries as well, the GDR may well turn its strategy toward special arrangements, making careful use of the principle of equality with the Federal Republic.

b) The GDR will strive to form some sort of an association with Hungary and Poland all the more intently the more its own reforms turn toward a market economy. In this way, the EC would be expanded by weak countries, regardless of how varied the economic level or structure are, which would appear initially as suppliers of goods in the lower price categories in certain areas. Competition is great in precisely this area, and the tendency toward

regulation is pronounced. The EC's market dynamics would rather be weakened in favor of administrative regulations.

If, on the other hand, unfolding an economic dynamic in these countries should be a success, so that investments there are really worth something and a potential in terms of purchasing power, even for Western products should be opened up, the EC would also participate in such a dynamic and profit from it. The road to that point is a long one; there is a question as to whether the EC can help set this development in motion. Prerequisites include the efforts of these countries to produce goods worthy of being offered, securing capital investment, as well as an environment that favors commerce and investment.

But, given the narrow leeway that is available for special arrangements within the EC, the peculiarities inherent in changing the systems of the three countries should be taken into account.

c) Given the basic alternative within the EC, development more as a result of competition, or more as a result of cooperation, or more as a result of supranational regulation, the inclusion of states with planned economies, however that may be accomplished, or those that find themselves in a state of flux from a predominantly planned economy to greater market coordination, the degree of regulation will be enhanced. Even if the transition to a market economy should succeed under favorable conditions, the past will probably have a profound effect on the position of the state within the economy. That is why the EC must develop its liberal maelstrom effect in terms of the economy and social matters, even though in many areas regulations will be necessary, at least as far as transition measures are concerned.

Footnotes

1. Cf. for example the suggested discussion of starting points for economic reform, presented by a workshop of the State Planning Commission in NEUES DEUTSCHLAND (ND) dated 12/6/1983, p. 6. Individual suggestions reach beyond the scope of the old system, even in this paper.

2. NEUES DEUTSCHLAND dated 12/22/1988 and 2/14/1988.

3. Cf. interview with O. Reinhold in the FRANKFURTER ALLGEMEINE (FAZ) dated 11/7/1989.

4. The indication of calculations of purchasing power parity of certain income levels (cf. FRANKFURTER RUNDSCHAU dated 11/24/89, p. 14) is not sufficient to justify the establishment of an exchange rate.

5. J. Kuczynski: "Conservative Revolutions," in NEUES DEUTSCHLAND dated 11/8/1989, p. 2; see also Thomas Kuczynski: "There really is no reason for despairing pessimism. Is socialism really on the rocks?"

An attempt at finding one's economic-historical bearings," in NEUES DEUTSCHLAND DATED 12/2, 12/3, 1989, P. 10.

6. For example, H. Richter in NEUES DEUTSCHLAND dated 11/17/ 1989, p. 5.

7. P. Popp presents an exception (On the transformation of a centrally administered economy of the Soviet type to a market economy, Berlin 1964).

8. H. Schmieding ("Flying blind without scarcity price," in the FAZ dated 12/9/1989, p. 15) comes close to this conception.

9. H. Lambrecht: "Theory and Practice of Social Policy in the GDR," No. 13 in the series of working reports on Comparing Systems from the Research Center to compare Economic Control Systems, Marburg, August 1989.

10. Cf. H. Modrow's Declaration of Government in NEUES DEUTSCHLAND dated 11/18/1989, reprinted in this volume, p. 122.

11. A solution to these problems that is being prepared in the Federal Ministry, will prove to be an instrument for controlling the emigrant movement.

12. Cf. Chr. Luft and E. Fraude in NEUES DEUTSCHLAND dated 11/17/1989, p. 5.

13. SUEDEDEUTSCHE ZEITUNG dated 11/20/1989.

14. Chr. Luft and E. Fraude, loc. cit. (Footnote 12).

15. It is claimed there is a shortage of goods valued at 12 billion marks, in NEUES DEUTSCHLAND dated 12/2 and 12/3/1989, p. 4.

16. Materials for the report on the state of the nation in a divided Germany, 1987, p. 516 ff.

17. Cf. F. Hayek: The Errors of Constructivism and the Bases of legitimate criticisms of social structures. Tuebingen 1975.

18. For example, Proposal presented by a workshop of the State Planning Commission, loc. cit. (Footnote 1)

POLAND

Office of President: Organization, Jurisdiction, Personnel

90EP0350A Warsaw PRZEGLAD TYGODNIOWY in Polish No 4, 28 Jan 90 pp 6-7

[Article by Leszek Bedkowski: "The President's People"]

[Text] The President of the RP [State Council] is functioning for the time being as if in the shadow of the government, the Sejm, and the Senate. The chance observer will more quickly find out what is going on in the mind of this or that minister or deputy than what the

intentions of the president are, though his powers are recorded in the Constitution and in more than 60 laws.

This change of the presidency in the depth of the plan has several causes. First of all, the most important governmental actions of the last few months were of a sort that brought the government and Sejm to the fore, since they have basic authority in this area (for example, reform of the economic system). Second, the office of the president, as a new organism, is only now being fitted into the state structure and into social consciousness. Third, the relationship of the great masses of society to that institution is overshadowed by the fact that they feel distant from General Wojciech Jaruzelski, who currently holds that post. Fourth and finally—and this may be the intended strategy of Gen. Jaruzelski—realizing the attitude of society toward his person.

The experience of many old democracies demonstrates that the institution of the president, not a figurehead, is indispensable, if the principle of separation of powers is to be honestly fulfilled without leaning toward "sejmocracy" or "governmentocracy." The hasty compromise concluded around the roundtable, which had rather to do with the political division of booty, does not yet fulfill this condition. However, on the other hand, that hasty compromise can not block thinking about the lasting inscription that the institution of the president will make in the 1990's on the power structure of the Polish state.

As for the particular powers, many decisions will yet have to be made. Recently, the Sejm relieved the president of the supervision of the public prosecutor's office, which was transferred to the jurisdiction of the ministry of justice. Currently, in connection with the intended reconstruction of territorial autonomy, people are speaking of relieving the president of the supervision of the national councils. There may be many more changes of this type.

Still, today one can already speak of the organization of work of the new office. As is known, it is a one-person office.

In accordance with the Constitution, the president may entrust the execution of certain activities from the range of his own powers to ministers of state appointed by him. They are not vice presidents, nor do they become members of the government. They also should not be mistaken for secretaries of state (for example, in the USA they are simply ministers, in Poland first deputy ministers).

So far, the president has appointed three ministers of state. They can only undertake their activities in the name of the president, who has divided "areas of interest" among them.

Jozef Czyrek (PZPR [United Polish Workers Party]) is responsible for international affairs (the naming of ambassadors, among other things, is the responsibility of the president).

Jozef Kozioł (PSL—"Odrodzenie" [Polish Peasant Party—"Rebirth"]) is occupied with, among other things, the contacts of the president's office with the government and with the judiciary; he also supervises matters of citizens' initiatives and awards.

Piotr Nowina-Konopka (Solidarity) maintains contacts with the Sejm, the Senate, trade unions, and associations in the name of the president.

The number of state ministers is not defined. For the time being, no new nomination is being considered.

The Chancellery of the President of the RP is the executive organ of the president. The prewar division between civil and military chancelleries has not been adopted. The sections serving the president in his capacity as head of the defense forces and chief of the National Defense Committee are currently located in the Ministry of National Defense.

The chancellery is still in the organizational stage. As its chief, General Michał Janiszewski (the former chief of the Office of the Council of Ministers in the cabinets of premiers Jaruzelski, Messner, and Rakowski), states, "Polish experiences from the Second Republic and the first years of the PRL [Polish Peoples Republic] were not of much use. However, an attempt was made to reach back to the experiences of the presidential office in some European countries, chiefly Italy, France, and Finland. Piotr Nowina-Konopka went to Italy in the middle of January for this purpose among others.

"We are understandably rather interested in the methodology of action, the manner of consultation on legislative initiatives, the organization of advising bodies, and the formulation of relations with the political surroundings," explains Gen. Janiszewski.

The deputies of the chancellery's chief are: Kazimierz Malecki (former director of the legal office of the Sejm and undersecretary of state in the URM [Office of the Council of Ministers]) and Zdzisław Drozd (as one of the first who transferred from the URM and who has been organizing the chancellery from the beginning). The first supervises essential departments, the second is responsible for the economy and finances.

The president's political adviser is a member of the chancellery. This position is filled by Wiesław Gornicki, who has been a close associate of Gen. Jaruzelski for years.

The president and the ministers of state have their own offices. At the head of the president's office stands Colonel Wiesław Mielczarek, who has also been an associate of Gen. Jaruzelski for many years (previously as the head of the office of the chairman of the State Council).

The chancellery's staff works in groups, of which there are currently 10. Their names indicate the range of their activities and the subject of their interests:

- *The Study and Forecasting Group*, whose chief is Bogdan Kokoszka. (He came from the chancellery of the secretariat of the PZPR's Central Committee.)

- *The Press Group*, which is led by the president's press spokesman, Włodzimierz Łoziński, the editor (formerly of TRYBUNA LUDU). The work of both of the above-mentioned groups is coordinated by Wiesław Gornicki.
- *The Law Group* (still searching for a candidate for the position of chief).
- *The Reprieve and Rule-of-Law Group*, with Elżbieta Gacek at the head (formerly deputy marshal of the Sejm and member of the State Council).
- *The National Councils Group* (the chief's position is vacant). The future of this group depends on the future of the president's powers in relation to the national councils.
- *The Awards Group*, led by Władysław Jonkisz (former member of the State Council).
- *The Grievance and Letters Group* (vacant).
- *The Cadre Affairs Group*, the chief of which is Marek Wardecki (from the former chancellery of the State Council).
- *The Finance Group*, with Tadeusz Kociszewski (from the State Council's chancellery).
- *The Organizational Group*, with Jerzy Pilecki (from the URM).

Beyond that, a secretariat of the National Judiciary Council will be organized, because its operating staff belongs, in accordance with the law, to the Chancellery of the President of the State Council.

The chancellery is to employ a maximum of 226 essential workers (so far there are 191 of them). The decided majority of them is being recruited from the former chancellery of the State Council and the Office of the Council of Ministers. As far as the occupation of key positions is concerned, it is easy to notice that the president's people are truly his people; the majority have been, in various functions, associates of Gen. Jaruzelski for years, when he was first secretary of the KC PZPR [Central Committee of the Polish United Workers Party], premier, and chairman of the State Council.

The chief of the chancellery maintains that it is not essential to have a political key (although it is not difficult to become oriented to the fact that many of the important positions are held by members of the old PZPR), since the president sets a special condition before his employees. About this condition, Gen. Janiszewski says, "This is state service. One should have a sense of one's mission, get rid of particularism in political thought, and rise to the level of one's own kind of nonparty consciousness."

The chancellery's administration, organized in the so-called auxiliary management, numbers 309 persons.

The establishment of the system of payments lies in the president's realm. He was the one who decided that the wages in the chancellery would be comparable with wages for similar positions in the central administration.

The president discharges his duties in the Belweder; the chancellery has moved into the building at 10 Wiejska

Street (where the Ministry of Foreign Economic Cooperation was located, formerly MHZ [Ministry of Foreign Trade]). There were a few difficulties associated with this, because the traders held that the building had been their property since before the war. However, in the end they moved to Trzech Krzyży Square (where the Planning Commission had been). The building on Wiejska was remodeled at lighting speed with the help of the army among others. The premises where the chancellery of the State Council had been (next to the Sejm building) were reserved for the needs of the Senate among others.

Moreover, under the jurisdiction of the office of the president are found:

- A residence at Wawel (in the building next to Smocza Jama where Wojciech Jaruzelski met with Pope John Paul II in 1983).
- A palace in Otwock (near Warsaw).
- A hotel in Warsaw (on the corner of Klonowa and Flory Streets), along with two apartments in the villa next door.
- Health centers in Jurata (the presidential residence in the Second Republic), Krynica, and Lucien.
- A gardening concern (flowers for the needs of representations).

A portion of these buildings was taken over from the State Council; the remainder was obtained from the URM within the framework of the "president's endowment," as the chief of the chancellery expresses it.

The auxiliary management pays for itself in part (the fees from the hotel and the health centers, the flowers), however, on the whole, the office and the chancellery are supported by the state budget. Expenditures for the current year are planned in the amount of 135 billion zlotys, which initially inspired biting comments from a portion of the press and the deputies, since, for example, the budget of the Chancellery of the Sejm amounts to only 80 billion zlotys.

And yet the practical sejm commission approved the proposed budget. The secret lies in the fact that the expenditures of the office of the president are imposed by certain obligations resulting from individual statutes. Thus, of these 135 billion zlotys, 35 billion are earmarked for the fund for the restoration of the monuments of Cracow, 21 billion for the financing of citizens' initiatives and deeds, 5 billion for financing supplementary elections to the Sejm and Senate, 7.7 billion for orders and awards (this last quantity was suspended by a sejm commission until a more exact accounting can be made).

The office's budget when purged of sums of this type amounts to a little more than 50 billion zlotys.

For the time being, the president is not demonstrating excessively the range of his powers. As the people around him say, "he puts the sacred right of the state before the sacred right of the law." That is how it was in the matter of the jurisdictional dispute between the Sejm and the

Senate as to the range of changes in the Constitutional Tribunal law (I described this in the article "The Interminable Sejm," PRZEGLAD TYGODNIOWY, no. 3/90). Some lawyers suggested that in the face of the stated legal loophole, the president could take advantage of his constitutional authority and direct the matter to be investigated by the Constitutional Tribunal. The president, however, executed a sidestep—he did not sign the bill, but he also did not refuse to sign it—by which he gave a chance and time for both houses of parliament to talk it over among themselves, which also happened.

"The president did not take advantage, therefore, of his powers under Article 27 of the Constitution, but did take advantage of the general authority of the highest representative of the state in internal relations," explains Kazimierz Malecki.

Similarly, in this extraordinary procedure, far-reaching changes were brought about in the Constitution at the end of 1989. The president strived to conduct discussions, plainly unforeseen by the law, but belonging to good political custom. He invited the initiators of the changes to a discussion lasting several hours, during which he set forth his reasons—which to a certain extent were complied with subsequently. For example, to the new wording, as originally proposed, of Article 1, namely, that "The republic is a lawful democratic state" ultimately were appended the words "realizing the principles of social justice."

"The burden of all the recent changes in the system are also placed upon the president" is a statement that can be heard in the chancellery. "That is why the president places highly the matter of political culture. He does not want to disturb the legislative process, but he is also striving to delicately assert his existence."

The powers of the president that relate to the legislative process and that have repercussions on the state of relations with the Sejm and the Senate mean that the chancellery's legal group has a very important role to fulfill. Essentially, it was created on the basis of the corresponding group in the former chancellery of the State Council, but it has been supplemented with new people. Two professors of constitutional law (so far only two) are, in the roles of experts, working with the group also.

By appearances, this is normal legal service, but it is preparing the president's decisions from the scope of his constitutional authority. Thus, this has to do with the problems of signing or not signing bills from the Sejm, speaking to the Constitutional Tribunal, the ratification of international agreements, and legal questions regarding pardons and the conferral of citizenship.

"Thus, the group's task is to watch the legislative process from the moment when bills of any sort are revealed as legislative initiatives," explains Kazimierz Malecki. "If, however, the issue relates to the range of the president's powers, we are interested in the state of actions from the very beginning. That is how it is, for example, where

territorial autonomy is concerned. Moreover, we also try to be interested in other matters at a suitably early point, so as not to slow the tempo of current legislative processes. And in order not to need rudimentary instruction regarding a bill and contribute to its delay when it is steered to the president."

Christian-Social Union Leader on Union's Aid to Poor

90EP0310A Warsaw ZYCIE WARSZAWY in Polish
3 Jan 90 pp 1-2

[Interview with Sejm deputy Krzysztof Bielecki, Christian-Social Union, by Elzbieta Pawelek: "Join Forces"; date and place not given]

[Text] [ZYCIE WARSZAWY] Many Poles fear the months immediately ahead. The government has inaugurated a severe economic reform that will lead to bankruptcies, unemployment, and a sharp decline in the standard of living. At the same time, there has been talk about the need to increase aid to those groups whose economic position is the weakest. How can we do this? Will there be funds for it?

[BIELECKI] It's been mainly the PKPS [Polish Social Assistance Committee], the PCK [Polish Red Cross], and the Church, especially the religious orders, that have worked to combat poverty. Nobody has ever done this on the scale we need now, though. So we should augment the traditional sources of good works and earnestly seek new possibilities for helping others. I think that we should seek out various organizations with money and space that haven't formerly worked in this area. Today we need all sorts of initiative.

The Christian Social Union had just such an assumption when it decided to set up centers to serve inexpensive meals in various towns in Poland. Let me emphasize that the meals are inexpensive, not free. It was a question of attracting those people in need who didn't want free meals, because they would find it humiliating to accept charity. Today soup costs about 500 zlotys at a buffet, but 100 zlotys at our place. There are exceptions, though. Employees at our centers can serve people free soup. It's up to them to assess the situation. Until now we have been most successful expanding our activities in Warsaw. This has become possible because of an agreement we have with the district administration of North Praga and with different companies. We have been running a cheap meal outlet at 343 Grochowska Street, where the Dove Bar [Pod Golabkiem] used to be. We serve bread, hot milk, and farmer's cheese at noon from 11 to 1, and then hearty soup from 1 until 5 in the afternoon.

[ZYCIE WARSZAWY] What role does the Christian Social Union play in this effort?

[BIELECKI] It is our task to insure the cooperation of the people and the various institutions. For example, we have already attracted Hortex, the Brodno state farm,

the Dairy Plant on Biezunska Street, and the Radzyminska Fat and Oil Plants to join our drive. Others give potatoes or vegetables. Praga bakeries help us. Every day a different baker sends us 100 loaves of bread. Help in kind like this is the most important, but we also receive money. Thanks to the district supervisor and people's council, which has been very friendly to our cause, we received 20 million zlotys from the budget surplus. We have the cooperation of a parish at Kamionek, where the pastor, Bishop Kraszewski, promotes our work among the faithful. Besides the people coming to us who need soup to eat, we also have people who want to help, for example, in cleaning up. At this moment we are dishing up about 500 helpings each day. I think this is the largest outlet of its type in Warsaw. If we have a hard winter, we're going to have to expect greater demand. We're noticing a socially disturbing phenomenon. We have children coming for meals, mainly pupils from the nearby schools. I don't think this is any great attraction for them. This tells us they need help.

[ZYCIE WARSZAWY] The groups that have little influence over their material situation: seniors, singles, and people who must live off small pensions and assistance, seem most threatened. Besides them, large families, single mothers, and college students are also in great danger. Various charity drives are announced every once in awhile. The wells of social commitment will ultimately run dry.

[BIELECKI] We have been pleasantly surprised to see money flowing in from various sources, often from private parties. The crafts and trades are sending from 100,000 to 500,000 zlotys at a time. It is a hopeful sign that even in the midst of a crisis, people want to help one another.

People everywhere can't afford to do this on the same scale as in Warsaw. For example, we have branches that manage by having the school cafeteria prepare an extra kettle of soup, which is put into thermos bottles and sent home. Our weekly paper ZA I PRZECIW has been running a successful SOS program for many years. Dramatic letters come in asking for help. Sometimes it's a request to import an expensive medicine that can save a person's life, or somebody asks for some clothing for the children. We do what we can. We've had a case where a person came to SOS at the press office and left several hundred dollars for the poor. It turns out that lots of people want to help out by donating either time or money. It's important to know how to set up a campaign. We'll have the funds as long as there are people with money who want to add their brick to the project. It's just a matter of reaching them.

[ZYCIE WARSZAWY] The previous system of assistance didn't work. In our country poverty usually comes seeking assistance. In good social systems, the help comes to the poor people. A dish of hot soup is a pretty good idea, but it should merely be a prelude to greater help.

[BIELECKI] I agree with you. We are in a difficult material situation, but today people need more than just

soup kitchens. They expect professional help in the sense of advice, as well as spiritual assistance. It is important to be with somebody, especially for people who are alone. The empty place we set at the Christmas Eve supper reminding us to maintain our tradition [of being ready to welcome the person with no celebration of his own to go to] takes on a special significance. It becomes a symbol of our readiness to extend help not just on holidays, a symbol of opening our door to the person in want and going to meet his needs.

[ZYCIE WARSZAWY] This is a very general program appealing to people's consciences. Some people might claim that these are mere slogans.

[BIELECKI] They aren't slogans. Our organization has 25,000 members and many sympathizers. It has its place in 30 towns in Poland. People can come there and just be. The union's branches are ready to give concrete assistance. Many physicians, lawyers, and psychologists have joined and are willing to devote some of their time to others. We want to take up the problem of mothers who are in prison. Of course, the easiest thing is to give money, but there are also other ways to assist, by organizing help involving the school, educators, and child care for the children of women serving time. We are ready to work with other organizations and are anxious to talk to anybody who wants to join in this work, not only by supporting us materially but also by sharing knowledge and expertise. The wisest thing seems to join forces, not compete.

Catholic Social Union Leader on Union's Agenda in Sejm

90EP0311A Warsaw RZECZPOSPOLITA in Polish
3 Jan 90 p 3

[Interview with Sejm deputy Ryszard Gajewski, chairman, Polish Catholic Social Union Deputies Club, by Dorota Ciepielewska: "Beyond the Club Doors: Will We Be in the Sejm?"; date and place not given; first paragraph is RZECZPOSPOLITA introduction]

[Text] In this series we are looking behind the doors of the deputies clubs and asking the chairmen about the work of these groups. Today the seventh door, the Polish Catholic Social Union [PZKS].

[RZECZPOSPOLITA] Is PZKS an association or a party? What does the word "Union" in your name mean?

[Gajewski] We have been an association since our founding in 1981. Inside the union we have recently been discussing whether we want to remain that way. There are various ideas. For example, the Polish Catholic Social Union could be simply turned into the Polish Catholic Social Party. I don't think that merely changing our name will do much for us, because the word "union" is broad enough to fit any configuration, even that of a party.

[RZECZPOSPOLITA] What do you think about the term "regulated Catholics"?

[Gajewski] You must be talking about Jan Krol's article in LAD. Let me just say that, to put it mildly, such a term is too simple for PZKS and has no real justification.

[RZECZPOSPOLITA] Who do PZKS deputies take their cues from?

[Gajewski] Nobody makes us do anything, but we want to place the Polish Catholic Social Party Deputies Club resolutions before the parliamentary forum, especially since we have an influence on their structure. For example, the PZKS deputies' presentation last term of the draft law against abortion to the Sejm came out of a joint initiative of the Family Commission and National Administration of Poland's National Council of Catholic Bishops. Unfortunately, the draft law never made it to a full debate. It got only as far as committee deliberations.

[RZECZPOSPOLITA] To my knowledge it was also the subject of talks during your recent audience with the primate of Poland.

[Gajewski] I can only confirm this. We are waiting for more favorable circumstances, and then we want to carry the draft to the forum of the Sejm. We are now having talks on this subject with deputies from other clubs, but I think that now we have to prepare all this better and create a better climate for the bill. What I have particularly in mind is that if this draft is carried in its present form or another form, then we have to push it to a full debate with television coverage, so that people can develop a more comprehensive view of the issue for themselves.

We will continue the struggle, because it is our moral duty as well as our statutory obligation to protect the life of the child in the womb.

[RZECZPOSPOLITA] Where else are you going to show such ironclad consistency?

[Gajewski] For one thing, in supporting the draft law on parties presented by the deputies of the Christian Social Union, especially the part on not having state subsidies for political parties.

[RZECZPOSPOLITA] Are you going to count on your own funds then? How then will PZKS survive?

[Gajewski] We along with five other Catholic groups are shareholders in the Libella Social Industrial Association, a company founded more than 30 years ago. This is where most of our money comes from. Besides that, we have created a few new companies, in which we hold a 51-percent interest.

[RZECZPOSPOLITA] Going back to the PZKS deputies' spheres of interest, which are...

[Gajewski] Family affairs, state social policy, transforming systems and characteristics in the economy, and

reforming the regional self-government, which is the basis of true democracy. Here in Warsaw there is a good deal of talk on this subject, but not much has changed out in the field. We have to bring about elections to the local self-governing bodies as soon as possible. We are also interested in our government's foreign policy, and we are dealing with Poles abroad, especially in the USSR.

[RZECZPOSPOLITA] Where are you looking for support for your initiatives?

[Gajewski] I start with the fact that this is a "problems Sejm." Coalitions form in it to solve specific problems. So, for example, on the question of the antiabortion law, we will have allies in every club, in the Christian Social Union and Pax, of course, but also in the PZPR, the Democratic Party, and the Citizens Parliamentary Club. We are also counting on strong support from people in the peasant party.

[RZECZPOSPOLITA] Within the Sejm and outside? PZKS declared it would cooperate with different non-parliamentary groups.

[Gajewski] That's our intention, because this Sejm unfortunately is not entirely representative, as the result of the political contract made before the elections. There are many new political groups outside the parliamentary system. The Christian Democratic Workers Party and the Christian National Union are the closest to us ideologically. The Polish Peasant Party and the National Party also invited us to their congress.

[RZECZPOSPOLITA] Taking a realistic look at the situation, how do you view your place in the new parliament?

[Gajewski] In this changing political structure, many dynamic new political parties that are eager to get ahead and have great social support and reputation are coming into being. Groups like PZKS are going to encounter greater competition. It is possible that we will not make it to the next parliament at all.

Norwegian Pollution-Measuring-Equipment Donation Cited

26000012 Oslo ARBEIDERBLADET in Norwegian
20 Feb 90 p 8

[Unattributed article: "Poland Will Get Norwegian Equipment"]

[Text] Poland will use Norwegian environmental technology for measuring air pollution. Three Polish environmental experts returned home Friday [16 February] after a week-long stay at the Norwegian Institute for Air Pollution (NILU). Carried in their luggage they had advanced equipment for measuring air pollution.

"The equipment is a gift from the Norwegian environmental department to the Polish people. With this the first phase of the environmental agreement which

Norway and Poland entered into last year has been completed says Minister for the Environment Kristin Hille Valla. For the sake of security the department made sure that the distribution of the measuring equipment was not in conflict with the COCOM rules."

The representatives from the Polish Environmental authorities have participated in a Norwegian-Polish seminar under the direction of NILU. The equipment which is being taken to Poland will be used to examine a substance in the atmosphere which is a contributing factor in the creation of acid rain.

"With the help of this equipment the Poles can now participate in the European program for the measurement of air pollution which crosses country borders. Due to a lack of technology such measurements have not been carried out before in East Europe says the Minister for the Environment."

YUGOSLAVIA

Bosnian Journalist on Restrictions on Press

90EB0182A Zagreb STUDENTSKI LIST
in Serbo-Croatian 15 Nov 89 pp 5-7

[Interview with journalist Vlastimir Mijovic by Dario Partl; date and place not given: "Vlastimir Mijovic"]

[Text] [STUDENTSKI LIST] As far as journalism is concerned, can you compare the time when you started out with the present?

[Mijovic] Over these 10 years that I have been a professional journalist—and I will soon have spent seven as an editor in the youth press—everything in this country has been turned topsy-turvy, and consequently the same thing has happened in journalism. This has been a period in which politics, and I have always been involved in political journalism, has mainly been concerned with "enemies." We know today that we are our own greatest enemies. However, it is easier, more interesting, and nicer to be a journalist than it was then, although to some people this may sound absurd or even hypocritical. After all, journalism looks more and more like a bloody busting of someone else's guts, but also your own. But the bowels of this country and its people are so polluted that otherwise there is almost no possibility of progress. The advantage that we journalists have here is that entire generations of representatives of the media have desired and called for editorial freedom. Today, the journalist is truly in a situation when he can work according to his own will and conscience, sources of information are more open than ever, and also the things happening in Yugoslavia today are so dramatic that they actually offer us newsmen a very large occasion for expression. Let me put it in the context of black humor: In a time when even housewives are involved in politics, this has become a general Yugoslav hobby, but journalists are even paid for that hobby. For many of us, politics is an inevitable part of the job.

[STUDENTSKI LIST] Were you aware at the outset of the uncomfortable aspects of the journalist's calling?

[Mijovic] It seems to me that I was. But I am certain that at the beginning I was mainly afraid of something that now turns out to be secondary. At that time, I saw the dark side of the journalistic profession exclusively in the light of Hadzic's well-known film "The Journalist," with Serbedzija in the title role. This is a story about a journalist who misses the freedom to write critically, about bureaucratic editorial relations, about the disrupted private life, about a traumatized sense of self, and so on. All this is nothing compared to the present-day unpleasantnesses which a journalist can experience, and that most of all from his fellow journalists. Everyone can call you anything without offering any arguments whatsoever, you experience fierce threats, even of death, because of your articles, you meet people who hate you solely because you do not write to suit them. Writing on many things is beginning to resemble warfare in which a stab with the pen can hurt more than from a pikestaff.

[STUDENTSKI LIST] Has democracy occurred in journalism today and in society in general, and has writing opened up as a result of that, or is it a question of "throwing garbage" into someone else's yard by order of "your own" political patrons?

[Mijovic] I think one can speak of both things. Our journalism today is a kind of mixture of democratic advances and rigid trends of political Machiavellianism in which the press is actually one of the dirtiest instruments of politics. And nowhere can we speak exclusively about democracy in journalism, nor exclusively about a rubber stamp, obedient, and rigged press. Everywhere in Yugoslavia there is some of all of that, in some places it is, of course, in a more decent version and in some places a less tolerable version with respect to democracy itself. From the old politics and the journalism that corresponded to it, we have today only the ruins. So that the indispensable democratic space has been opened thereby to public speech. The press has itself won it only in part—we should not forget the many "pioneers" of critical journalism who for years were subjected to chicanery because of their desire to write freely and honestly—although, to tell the truth, we have to acknowledge that in part that space was also opened up because of the tectonic shifts in political leadership. The powerlessness of politics, its loss of power, has established itself on the other side as the power of the press, not the political press, but the news-gathering press. However, the press has not made the best use of the democratic space it has had. In fact, it has engaged in a highly unscrupulous political battle in which its role is that of a pawn, although it is not fully conscious of that. There has been irreparable damage in what is called the Belgrade press. What until yesterday was the leading segment of our press suddenly sank into the morasses of inflammatory journalism, I would call it police journalism, unprecedented manipulation and disinformation of the public. Although this kind of behavior can be seen now in other segments of the press to a greater or

lesser degree, that segment of our press no longer regards the facts as essential, nor the truth based on facts. For it, the political result and the narrow interest of the nationality and republic are more essential. And when there is much of that, there is very little journalism, sometimes not even a trace. The "throwing of garbage" into someone else's yard, which is what you called the practice of writing critically mainly about others, much less about one's own, has for a long time been the only way in Yugoslavia for us to somehow get at the complete truth about events in this country. What at that time the Bosnian press concealed about Bosnia would be revealed and published by the Belgrade press, what the Belgrade press covered up about Serbia would nevertheless be written by the Croatian press, and so on around the circle. In the end, we would nevertheless get a complete critical picture. The only thing is that that nevertheless takes time and money to buy and read the entire Yugoslav press. Today, however, all of that has different connotations and proportions. Today, this is not done out of professional motives, to gather the news, it is done in pursuit of purely political interests. And then irrefutable facts are garnished with fabrications or on the other hand are inappropriately interpreted. The newspapers have become the forward patrol of much more dangerous detachments that would like to roam throughout Yugoslavia. That is why this civil war in which we are living we mainly refer to as a media war. But that is only a form that it takes. In essence, what is flaring up here is a purely political and ethnic conflict of immense proportions, perhaps even catastrophic. To that extent, a segment of journalism, acting its part as a servant, has taken on the gaudy colors of warfare.

[STUDENTSKI LIST] You were an editor at MLADOST when the "antibureaucratic revolution" began, and you were under attack from that policy. Why did they remove you at that time?

[Mijovic] Only now, because the so-called Belgrade press is so much in unison (with the exception of certain publications of Borba), it is evident how much political evil was done when the mouth of MLADOST was gagged by my removal at the beginning of last year during the eighth meeting and immediately after it the removal of a harsh critic of the new Serbian political course, the one pushed through by Slobodan Milosevic. Even on the eve of that "historic" meeting, MLADOST was presenting certain negative examples of Milosevic's policy, things which today are clear as day, warning above all about the leniency toward nationalistic aspirations and their protagonists. In our articles, we simply warned both Serbia and Yugoslavia what was rumbling beneath the hill which Slobodan Milosevic had climbed so gloriously. This, of course, bothered him as a new man of great power and especially his loyal political henchmen. They did everything to remove me as the principal and responsible editor of the newspaper, since they knew that that would disrupt relations in the editorial staff, and they were successful in that. MLADOST has been unable to recover for a long time. Its conception and sharp edge

have been considerably diluted and blunted. But it was not just Serbian policy that brought that about. Everything was done in collusion with people who were strong at that time in the Federation, with Stipe Suvar and Bosko Krunic. It now seems farcical, since the former has been marked as the greatest "opponent of Milosevic," and the second, we know, emerged from a skirmish with the man whom he supported at that time with absolutely nothing left; he presumably is happy to have remained alive. But at that time this was a coalition headed by Milosevic and Suvar. If Suvar at the top level of the Federation had not brought influence to bear so that they did not meddle in my removal, and he could have done differently, that removal would not have occurred. Suvar himself regretted it later, when he turned his back on Milosevic. At that point, they greatly missed in Belgrade a journal that would have put Milosevic's "antibureaucratic revolution" in a critical focus. Headed by Senad Avdic, who took up the helm of MLADOST under the agreement between Milosevic and Suvar that was still in effect at that time, with the help of Nijaz Durakovic from the Bosnia-Herzegovina LC Central Committee, that resistance could not be continued since soon after his arrival Suvar moved away from Milosevic, and Avdic joined him. So that even MLADOST had to change much that was essential in the intonation of what it wrote. This is a great pity, primarily because of the journalists on that paper who have both the knowledge and the devotion to principle necessary for critical observation of any policy, but especially that policy which is right under their nose. But it was not political pacts like that of Suvar and Milosevic that caused the greatest damage to journalism. There will be more of that in a situation when editors like to bind themselves to the prestigious politicians of the moment.

[STUDENTSKI LIST] What do you think in general about Suvar's political career?

[Mijovic] Stipe Suvar is one of those politicians from whom I expected at one time a considerably more effective wrestling with the crisis we got into, but who in their behavior have disappointed me and others. And however much we today criticize Slobodan Milosevic and the policy which he personifies for escalating the crisis, especially in the domain of interethnic relations, I think that Suvar's role should not be underestimated either. Just like Slobodan Milosevic, he plotted his political career over the stooped back of Yugoslavia. Given the way he is, inclined to political Machiavellianism, he also has not stopped short of methods unfitting for the convinced Communist he portrays himself to be. Politics is made up of compromises to a large extent, but rarely are there cases of such transparent calculations as Suvar has engaged in on several occasions. Suvar has in particular wronged several of his young followers, especially from Zagreb, whom he "sold" one after the other when this was expedient, and they were unable to get their bearings in his excessively frequent political changes (Stipe Oreskovic, Zlatan Gavrilovic, Vjekoslav Santric, Mate Basic, and so on). Through Suvar,

Croatian politics also compromised itself in part at the moment when Suvar opposed Slobodan Milosevic, and that support was not backed up with authentic belief in Suvar's political attributes. Petty calculations of this kind compound our crisis still more.

[STUDENTSKI LIST] The culmination of the attack on you followed when criminal charges were filed by the Serbian Republic Secretariat for Internal Affairs. What did you do for that to happen?

[Mijovic] In the weekly DANAS, for which I write regularly, I published an analytical article on the UDBA affair that broke out in Bosnia-Herzegovina and in which I quoted and commented on a "strictly confidential" report of the Serbian State Security Service, which cooked up the entire affair in the first place. Later, this was also done by certain other newspapers, which is quite natural when one realizes that up until that point the public had been wandering in the dark of incomplete political information concerning the entire incident. Publication of the "strictly confidential" report not only gave the public an opportunity to see that the Serbian State Security Service was actually concerned with Bosnia-Herzegovina in an inappropriate political sense, but in a way it also demystified the claim of so-called state secrecy. The public saw that in this case the stamp of secrecy was being misused and placed on something that had nothing to do with that. I hope then, that if an indictment is brought against me, and if there is a trial, the court will undertake to establish the nature of the report that was proclaimed a state secret. Then it would be evident that I actually did not threaten the state and its right to its own protection, but the political bureaucrats who have been misusing that same state and its institutions for their own pragmatic and problematical political goals.

[STUDENTSKI LIST] How did you obtain that report?

[Mijovic] I will exercise my right to keep the source of my information secret, so please do not insist on an answer. In any case, it was not leaked to me by any high official with the intention of having me publish it. Neither Durakovic nor Skenderagic, to mention names that are openly bandied about in a segment of the press. At least five or six other journalists in Sarajevo also had that same report. The only difference is that I dared to make it public. But if we want to be fair, that report or alleged "state secret" was actually divulged by Borisav Jovic, citizen, who gave it to Bogic Bogicevic, citizen, with whom, it so happens, he is one of the collective heads of state in the SFRY State Presidency. But this is already a farce which shows that what they are trying to do with this is actually to burn my fingers. If they cannot convict me, the thinking at the time in the Serbian Secretariat for Internal Affairs was probably that they could at least tie my hands with a charge that would take up my time for a lengthy period. And in fact it does. It is not easy to deal with prosecutors and courts. But that was a calculated risk from the outset, and I am not complaining. I will see it through.

[STUDENTSKI LIST] Who is representing you, and, if it is not a secret, what kind of defense is he proposing?

[Mijovic] I have hired the young lawyer Nikica Grzic, one of my friends from Sarajevo, to be my lawyer. We have not talked seriously as yet about the possible line of defense. We will do that only after we see whether an indictment will be brought at all. At this point, the courts of Sarajevo and Zagreb are engaged in a tug-of-war over the question of which court has jurisdiction. It actually makes no difference to me, I only would not like it if by some great acrobatic trick Belgrade were ultimately designated as the proper jurisdiction. There, the verdict would be written already.

[STUDENTSKI LIST] To some extent, your case resembles that of the "Ljubljana Four." Do you perhaps feel like Jansa?

[Mijovic] Certain similarities are irrefutable, but, of course, so are the differences. Unlike them, I possessed and used for the newspaper article something which did not have on it a strict notation as to being a state secret, and second, we are dealing here with civilian matters, not military matters, which makes it possible for the public to exert considerably greater influence; as we know, it was kept at a distance in the "Jansa case" on grounds of military security. I am convinced that the public will actually play a key role in my case. Today, you cannot just go around accusing and imprisoning journalists who publish articles which someone does not like.

[STUDENTSKI LIST] Can we speak about democratization at all when criminal charges are placed against journalists?

[Mijovic] No democratic society would certainly be proud of this. This is done only in case of extreme necessity, when it is indispensable, when the newspaper and the journalists are truly doing something harmful to society. I think that in my case this was not done, that this is a product of old tie-ups that would take us back to the time when anyone could be declared guilty and convicted of anything, especially individuals criticizing society. This certainly interferes with our democratic tendencies, but is there anyone at all who thinks that democracy has become the rule in our country?

[STUDENTSKI LIST] Is what is happening to you an attempt to intimidate undesirable Bosnian newsmen and political personnel, like what happened to Nijaz Skenderagic?

[Mijovic] In a situation when few people are concerned about fair play, it seems that everything is permitted. Including intimidation. When you are constantly called on the carpet, with good reason or without it, then there certainly is some serious intention behind it. But they have kept me permanently in kindergarten. First, the delegation of SR Serbia this summer, during the talks with the top Bosnian political leadership in Sarajevo, asked that I be somehow frustrated, that is, that the

critical charge in my articles about Serbian policy be blunted, then came the campaign in the leading Belgrade newspapers, and it all culminated with this accusation. We constantly have our eye on you, Mijatovic, is the message I am getting. They presumably hope that in this way, when they cannot do anything constructive, they can change my opinion about them and what they are doing with their policy. In that, they will not succeed. It is not easy to withstand such pressures, but there are times when a man gets used to living and working with that. Sometimes it even gives him additional strength, a wholesome spitefulness.

[STUDENSKI LIST] What are political conditions in Bosnia-Hercegovina today, in the light of the State Security Service affair?

[Mijovic] This affair is just the icing on the cake, the sweet part of something we have been eating for a long time, and we have been trying to conceal its ingredients. The UDBA affair has only accentuated the interethnic relations in the republic, which anyway have been increasingly unstable, it has pointed up the disunity that exists in the bodies of leadership here, and it has also illuminated relations covered by the perpetual phrase of "Good cooperation which should be improved still more." Will Bosnia allow itself to be inferior to any boss in Yugoslavia, or won't it, and in this case is it an attempt on the part of Milosevic's Serbia to gain a foothold even in Bosnia-Hercegovina; this is a key question to which this affair will provide an answer. But the top leaders here have agreed that the Serbian "security people" roamed over a part of Bosnia without permission and it is intolerable for them to make political assessments of conditions in another republic, but they are not yet of one mind about how vigorous they should be in demanding an explanation from the Serbian leadership. It turns out that a portion of the leadership is actually imploring Milosevic to say something about all this or at least do something specific. Others are in favor of taking a firm stand on principle, and this seems indispensable to me. So Milosevic is actually making monkeys of his Bosnian colleagues; this can be seen even from the letter which he sent to Obrad Piljak, president of the Presidency of SR Bosnia-Hercegovina. Instead of an answer, I would put the question: Can Bosnia allow itself that kind of inferiority?

[STUDENSKI LIST] What is the stance in all this of Bosnian politicians of Serbian nationality?

[Mijovic] The position of Bosnian politicians of Serbian nationality is very delicate indeed. At a moment when it is the unanimous assessment of political authorities that in the general escalation of nationalism, Serbian nationalism is actually the most pronounced, by the long-established principle that that criticism of nationalism echoes the loudest which comes from members of that particular nationality, they are expected to commit themselves accordingly. It is not that they have not shown that commitment, they have, but it has not been on the necessary and anticipated level. So one gets the

impression that there has been a polarization in the leadership of Bosnia-Hercegovina along ethnic lines. Here, one should be very cautious, however. Differences between nationalities do not always occur on a geographic basis. In Bosnia-Hercegovina, there are all the main options that exist in Yugoslavia; they all have their spokesmen and followers here. We should speak, then, about ideological like-mindedness instead of ethnic exclusiveness. The fact that this frequently coincides with the ethnic programs that stand behind this is sometimes a purely random thing.

Today, for example, one need not be a Serbian nationalist to go along with the policy of Slobodan Milosevic. That policy is an invitation to unanimity, ideological dogmatism, to an old political matrix. But Bosnia-Hercegovina has always been fertile soil for such ideas, although also to completely different and more democratic ideas.

[STUDENSKI LIST] Can Bosnia-Hercegovina resist the assaults?

[Mijovic] Attempts are being made, not only from Serbia, but also from other quarters within Bosnia-Hercegovina, to find political accomplices for a new redirection of Yugoslavia. Every option present in this country, but usually with pronounced republic or ethnic colors, also has its advocates in our central republic. That republic, then, does not have its own strongly expressed identity; I think that Bosnia-Hercegovina is both ethnically and ideologically more heterogeneous than anyone else in Yugoslavia.

Which is also why its "resistance" is mixed with "assent" to particular options from outside. That current which on this occasion I would call "Bosnian," and which would like to establish Bosnia-Hercegovina as an authentic political environment and every other kind of environment, is still too weak to become dominant, although I think that the future belongs to it. But it still does not have the basic thing: a positive program of political changes. You cannot get by by constant reference to others, by concern with others, their ideas and initiatives. Bosnia did not choose this, it rather might be said that this situation has been imposed on it, but things can be imposed only if no appropriate response is forthcoming. So far, Bosnia has not had it.

[STUDENSKI LIST] Is it possible that you might make another move, this time, say, to Zagreb?

[Mijovic] There is no need for that. After I had spent three years in Belgrade, before I came back to Sarajevo, I did actually think about moving to Zagreb, where good professional opportunities awaited me. But the changes that have ensued in Bosnia-Hercegovina were a challenge sufficient for me to come back to Sarajevo. Here, I really have enough work, although there is a possibility of my changing the permanent arrangement which I have now with OSLOBODJENJE. But I will write about Bosnia and continue to live in Sarajevo. I need it, but it also needs me. We get along well together.

Controversy Over Publication of Serbian Prewar Works

90EB0180B Zagreb *DANAS* in Serbo-Croatian
26 Dec 89 pp 37-38

[Article by Milan Becejic: "Temptations of Nervous Power"]

[Text] The December correspondence between Belgrade intellectuals and the municipal party committee concerning whether or not to print the works of Slobodan Jovanovic and Dragisa Vasic imparted a special flavor to the 1989 stage in the democratic transformation of Serbia. The chairman of the Belgrade GK SK [League of Communists Municipal Committee] announced in a communication dated 6 December that resistance would be given to "all subject matter and forms of anticommunist and nationalist propaganda that might be made available to the public," addressing himself to the publishing plans of two respected houses, BIGZ and Prosveta. This was followed by sharp reaction by the Committee for Defense of Thought and Expression and the Writers' Association of Serbia, which state that, although they do not dispute the right of the Presidium to express its opinion, "you do not have the right to apply pressure illegally to prevent publication." In a somewhat milder final response, the Presidium stated that its announcement was motivated by ethical considerations, was aimed at the communists in these publishing houses, and concerned these two authors personally rather than their works.

Dr. Dragisa Vasic, a prewar lawyer who also defended communists in trials in those days, was one of the ideologists of the Chetnik movement during the war. As for Slobodan Jovanovic, whose voluminous works also include legal and political studies, he is considered to be one of the greatest writers in Yugoslav literature. In his "Istorija knjizevnosti" [History of Literature], Skerlic rated Jovanovic as "one of the best stylists." Academician Dr. Radovan Samardzic, one of the organizers of this major BIGZ project, says that "the language and style of Slobodan Jovanovic should serve even today as a model for many Serbian writers whose works teem with foreign words, clumsy phrases, choppy sentences, and vagueness of expression." Jovanovic was a *doctor honoris causa* and a member of several of the most prestigious scientific institutions in France. He was almost 90 years old when he was consulted by General de Gaulle when drawing up the constitution of the Fifth Republic. Another editor of Jovanovic's work, Dr Zivorad Stojkovic, complains that this great opus has been persistently concealed and ignored because it is a question of "one of the largest bodies of creative work in our culture, a body of work which might rival that of Vuk."

There were several attempts after the war to make Jovanovic's written word available to readers. They succeeded only once, in 1963, when the publication "Srpska knjizevnost u 100 knjiga" [Serbian Literature in 100 Books] included Jovanovic's "Portreti iz istorije knjizevnosti" [Portraits from the History of Literature].

It is not likely that even it would have been published had it not been for the authority of Iva Andric, who was on the editorial board. The next edition of this book was withdrawn, even without a court ban, in 1971. The attempt to publish a third edition, under the management of the KNJIZEVNE NOVINE, also failed at the instigation of the Kultura printing firm. Five years ago two publishers became involved in attempts to publish Jovanovic—Prosveta [wanted to publish] selected works, while KNJIZEVNE NOVINE [wanted to publish] the collected works of Jovanovic. There were big arguments over the copyright, with the writer's heiress, Leposava Bela Pavlovic, challenging the quality of the Prosveta project, prepared by Sava Dautovic and Radivoje Cveticanin. And while knowledgeable people deemed the one project to be amateurish and the other expurgated, the Municipal Committee (headed at the time by Slobodan Milosevic) decided in closed session that "the publication of these books would be politically unacceptable and would have harmful social and political consequences."

Publishers' Revolt

There has been no substantive change in the customs and practices of Belgrade's communist leadership. But the mood of publishers definitely has changed. BIGZ, the Yugoslav public, and the Serbian literary community will not abandon the project of printing the collected works of S. Jovanovic. This is confirmed in the following statement made to *DANAS* by Dimitrije Tasic, editor in chief of BIGZ publishing activities.

"There is nothing we want to change in our statement of 9 December. Our work on the project is going ahead, and the first six volumes of these works should appear by June 1990, and the other six by the next Fair. Lastly, the announcement by the Belgrade GK SK does not say that the publisher has to halt work on his project. This does not mean that the regular January meeting of the BIGZ Program Council will not deal with the problem that has come up. This meeting is the proper occasion for such discussion. I personally am convinced that the Council will not alter its earlier position that publication of the collected works is a valuable and important cultural event. As early as 10 October we added to the publishing plan, and this was published in the newspapers a day later. For a month we invited the public to a discussion. This is the customary practice, but no comment was made either by institutions or individuals. All the manuscripts are still with the organizing committee. As for the announcement, the GK SK Presidium is entitled like any other entity to make a judgment and express its opinion on any question, including this one, but so are all of us who work in this publishing house. For six months our total work has made a statement about the project. I must repeat that I am surprised and astonished by the Committee's subsequent reaction. After all, we were convinced that things had changed in our political, cultural, and social life, as indeed they have, and that people were aware that an important scholarly and

literary work belongs to readers and critics in the scholarly, cultural, and historiographic world who will know very well how to judge it."

The delayed reaction by the GK SK Presidium in this dispute is indicative. It had an opportunity [to do something] in October regarding the BIGZ addition to the publication schedule, as well as in mid-November, when two private publishers, Altera and Trag, announced publication of four works by Dragisa Vasic. In a manner of speaking the private publishers beat Prosveta to the punch, and the uninformed in Belgrade viewed this both as an act of piracy and as yet another faux pas by this large publishing house; Kultura in Skopje had also bested them at the Fair by publishing Rushdie's "Satanic Verses," albeit in Macedonian.

"There is no question of piracy," says Branko Najhold, director of Trag. "We signed a contract before Prosveta did with the heiress, Tatjana Vasic; the contract calls for four books and is valid for one year. After all, this would not have been possible from the legal viewpoint either. We as publishers and Marinko Arsic Ivkov as editor were of the opinion that in D. Vasic's case it was a question of important prose works. We are not rehabilitating his Chetnik work, but rather the parts of his literary creation that have a high literary, publicistic, and historical value. We believe that literature and day-to-day politics do not mix, and this is sufficient reason for us to publish four of Vasic's books in January despite this intervention by the Committee and Prosveta's decision."

Prosveta and Aleksandar Jerkov, editor in chief of this house, appear to be the most troubled at this time. Jerkov is also chairman of the Belgrade GK SK. His first reactions showed that in a way he had already made up his mind, in that he cited the final decision of the Program Council. When the Council meets, the importance of the publishing business venture will prevail over ideology and orders from the party. That something is brewing at Prosveta is evident also from the resignation of Dobrica Vulovic, director of publishing activities. The announcement took place on the same day that another announcement came from the GK SK. It turned out that Vulovic suffered a double fiasco; he also was not placed on the rolls of candidates to membership on the Central Committee of the League of Communists of Serbia.

Unusual Circumstances

Not only is the content of these party announcements controversial, but they are attended by unusual circumstances that must be taken into account in assessing the dispute that has arisen, one which in many respects reveals yet another disagreement between the political leadership of Belgrade (and of Serbia as well?) and Serbian intellectuals. The strange thing is that the first public notice of publication of Vasic's books by Prosveta

appeared on 1 December, but only in a provincial edition of POLITIKA, which generally is printed earlier than the Belgrade edition. There is no doubt that intervention by someone is behind this. After all, the first of December in Serbia was of special importance this year, and it obviously was inconvenient for the publication of books by a banned writer to appear along with the publication of a break in relations with Slovenia. However, persons are not entirely right who interpret the announcement by the Belgrade GK SK merely as political caution on the part of the Serbian leadership, which does not want to provide others with additional material for a counterattack. After all, there has been an abundance of such material in political life and in the press independently of the fortuitous event of printing of books. The extent to which everything leading up to the publication emboldened the publishers is an entirely different matter. At a time of unconcealed demands by intellectuals (among others) for true democracy, along with the changes occurring in the countries of true socialism, it would be wrong to attribute the plans of Belgrade publishers to national euphoria at a time when such euphoria is already present in day-to-day politics.

The inflexibility of the Serbian communists is becoming increasingly obvious, and so the announcements reminiscent of the distant past are justified from the viewpoint of threatened power. However, this reaction also seems to conceal traces of private "initiative." Cultural public opinion in Belgrade has been ready to attribute to publishers the characteristics of the group comprising the hard, dogmatic core in the Belgrade party leadership "trained" by the university SK committee. But is this explanation adequate when we learn that the manuscript of the book "Vise od politike" [Higher than Politics] (reviewed by Dr. Slobodanka Gruden and Dr. Jagos Puric) did not pass with flying colors at the BIGZ Program Council meeting? Dimitrije Tasic denies the rumors that Smiljkovic's book was rejected, and the manuscript is currently in the author's hands for final proofing, an entirely natural procedure before printing.

Anything is possible, especially considering the vagueness surrounding the strange "exclusive" announcements, which are unknown even to those who, by nature of their party function, should have known of them, especially Aleksandar Jerkov of Prosveta as chairman of the Commission for Ideological Operations in Culture and Dimitrije Tasic of BIGZ as a member of this commission. It is scarcely believable that the two of them would consent to hypocrisy on their own in these sensitive times. Hence the role of the Presidium and its announcements is even stranger, especially when a pre-eminent cultural event such as the publication of books is explained in this manner. "It is obvious that in the new democratic conditions and climate it is a question of insufficient self-control and suitable behavior, something leading to very harmful political consequences." Very well put.

POLAND**Polish Officers Issue Appeal for Katyn Monument in USSR**

90EP0328A Warsaw ZOLNIERZ WOLNOSCI
in Polish 24 Jan 90 p 1

[Article by initiatives group composed of: General of Division Brunon Marchewka (ret.), General of Brigade Kazimierz Bogdanowicz, Colonel Edmund Przybylowicz (ret.), Colonel Roman Arendarski (ret.), Colonel Wladyslaw Roguz (ret.), Colonel Dr. Marek Tarczyski, Colonel Tadeusz Grabowski, Commander Dr. Jerzy Przybylski, Colonel Juliusz Zielak, and Captain Lech Nawrot: "An Appeal To Build a Monument to Polish Officers in Katyn"]

[Text] Soldiers of the Polish Army!

In April 1990 we will celebrate the 50th anniversary of the cruel massacre of officers of the Polish Army executed in the Katyn forest by Stalin's apparatus of force. In Katyn and at other extermination points within the USSR, more than 15,000 faithful sons of the Fatherland perished, forever deprived of their right to battle for the freedom of our nation and for human dignity. We,

officers of the Polish Army in active service and in the reserve, recognize the preservation of the permanent memory of our murdered predecessors to be our patriotic and moral duty. For this reason, we cannot wait any longer to take practical action aimed at erecting a monument to Polish officers in Katyn.

In expression of the will of the officer's cadre articulated during meetings in units and in military institutions and the will of the members of the Union of Former Professional Soldiers, the initiatives group which was established on 22 January 1990 in Warsaw turns to all professional soldiers in active service, in the reserves and in retirement, as well as to all soldiers and military employees with an appeal to begin without delay within our community to collect funds from society to build a monument to Polish officers in Katyn. Let us collect voluntary donations to preserve the memory of our senior murdered colleagues—donations that come from the heart.

Until such time as an all-Poland social committee for the building of a monument in Katyn is formed and a bank account is opened for this purpose, we entrust our social funds to the financial service of parent units, organizations and institutions.

GERMAN DEMOCRATIC REPUBLIC

Farmers See Profit Motive as Quality Control Factor

90EG0160A Munich SUEDEUTSCHE ZEITUNG
in German 30 Jan 90 p 24

[Article by Thomas Froehlich: "'Either You Make It or You Don't'; Farmers and the Controlled System of Cooperatives Are Facing a Far-Reaching Structural Change"]

[Text] Green Week Berlin 1990, Hall 15, second floor. Of course it is a coincidence that the Agricultural Producer Cooperative (LPG) "Florian Geyer" from Saarmund and the Animal Production LPG from Fresdorf south of Potsdam have their booth between none other than the Association Museumsdorf Dueppel and the German Development Service. And if something does count, then it is the fact that the agricultural cooperatives from the GDR are represented here at all, are allowed to be represented; after last autumn's surprising revolution, this, too, is a German-German premiere. But perhaps it is at least a fitting symbol that the LPG's find themselves at this point between two organizations one of which is committed to the past and the other to the future.

The Plan's Flaws

Juergen Krebs, chairman of the Fresdorf LPG, and his colleague Klaus-Dieter Kaergel from Saarmund know exactly where the LPG had and still has problems. What and how much was to be produced in the way of milk, beef, and pork—this was previously decided by the plan. And this meant that as early as May of the current year the LPG had to specify what it wanted to, and could, produce the following year. This plan proposal submitted to the council of the Kreis was then returned to the LPG in September, in a more or less amended form. Certainly, sometimes it was possible to influence what the council chose to do with the plan proposal, says Juergen Krebs, but in his mind this does not change the fact that all decisions were made administratively. Finally, in December, after a planning time of more than one-half year, the council for agriculture and food (to which the LPG managers also belong) would decide on the plan for the new year. "Then production would be underway" states Krebs who makes no bones about the fact that this system also had reassuring advantages: "The goods were disposed of at guaranteed prices." To be sure, that these prices did not reflect any scarcities and that production was not based on the actual demand (and thus on the consumers' needs) was the reverse side of the coin. Yet only part of it: "The quality of the merchandise was not the deciding factor but rather the quantity," Klaus-Dieter Kaergel paraphrases a phenomenon that is known as "tonnage mentality" in the GDR.

Waste

Up to now, this way of thinking as an expression of the absolute will for meeting the plan was backed by the

objective to supply the population with food with the greatest possible independence from other countries. The GDR has been successful in this, for, in contrast to other countries with a previously nationalized economy such as Poland, East Berlin has achieved a supply level that, at least where quantity is concerned, exceeds even that of the FRG. According to data from the Central Marketing Company of German Agrarian Economy (CMA), Bonn, the average per capita consumption for certified milk in the GDR was in the range of 111.1 liters, in the FRG 92.3 liters. For butter the figure was 14.9 kg here as compared to 8.3 kg there, in the case of cooking potatoes the ratio was as high as 148.9 kg versus 71.5 kg. The fact that products of higher quality, such as meat, are in short supply is quite another matter.

However, the high consumption of basic food items would be impossible without considerable price subsidies. The liter of milk, for which the LPG's in Fresdorf, Saarmund, and elsewhere receive M 1.70 from the state, costs only 68 pfennig in the store. For the deposit from three empty beer bottles, says Juergen Krebs, you get a loaf of bread weighing 1.5 kg. Consequently: "People always buy fresh bread, the old one is thrown out." According to the CMA, an estimated 200,000 metric tons of bread are supposed to have been used as fodder annually, food waste per capita is markedly higher in the GDR than in the Western industrialized nations average. Also a good deal for some LPG's: The Saarmund cooperative "Florian Geyer" annually treats 4,200 tons of kitchen garbage from the city and Land Kreis Potsdam to be fed to hogs.

No one is able to predict at this point how the future might look for the almost 890,000 cooperative members in the GDR, a good 95 percent of whose agricultural acreage is being farmed by more than 3,800 LPG's. But one thing is for certain: "We must produce more effectively and independently, we need improved stimulation effects," Juergen Krebs and Klaus-Dieter Kaergel agree. What they primarily mean is clear: Profit must become an incentive for a greater commitment because until now increased earnings of the cooperative did not show as additional earnings in the wallets of the individual cooperative member: Rather, it was put in LPG-owned accounts.

Economic incentives alone will not be sufficient, however: "Our technology is 26 years old," admits Juergen Krebs, and he thinks new farming equipment is just as important as new processing and packing methods, not to mention the need for high-quality seed stock. And there is no question in Krebs' and Kaergel's mind that modern management and marketing methods as well as more efficient operations organization must be a priority for all of this.

Sizable Social Benefits

While these might well be very realistic goals in and by themselves, this becomes a quadrature of the circle when Krebs says: "We want to become more effective while at

the same time retaining social benefits as much as possible." Yet subsidy reduction means higher producer and consumer prices; it also means that the almost 300 cooperative members and members in Saarmund and Fresdorf plus their dependents will have to part with some of the sizeable social benefits: the low rents of between 65 and 85 pfennig per square meter in LPG-owned housing as well as the extremely reasonably priced two-week stays in vacation camps, which until now burdened the household budget with a mere M 10 per child. Already, as Klaus-Dieter Kaergel says, the challenge of the new system caused the spread of existential uncertainty among the previously sheltered and protected farmers: "Either you make it or you don't."

Never Nationalized

Whatever applies to the individual cooperative member, applies all the more to the entire cooperative system. The system developed in the fifties and "completed" in 1960 with the forced collectivization of previously independent farmers, will no longer exist in its prior form. The previously sharp distinction, questionable in the judgement of experts, between animal and vegetable production, which caused the natural bond between animals, vegetation and soil to be disrupted, should soon be a thing of the past. And quite a few farmers will want to enjoy their newly won freedom outside of the cooperatives—as independent farmers. The Democratic Farmers Party of Germany together with Minister of Agriculture Hans Watzek wants to use the revision of the 1959 LPG Law, last amended in 1982, to create the legal conditions for the structural change in agriculture. The acreage contributed by farmers to the LPG's, which has never been nationalized in spite of forced collectivization, shall yield adequate interest again, ownership forms other than cooperative ones shall be permitted again. If the new law will indeed look like that is impossible to say prior to the election. But the new course of GDR agriculture has already been defined: Farm workers shall once again become private farmers.

POLAND

Budimex in Iran, Iraq: Petrochemicals, Energy, Housing

90EP0343A Warsaw RZECZPOSPOLITA in Polish
3 Jan 90 p 3

[Article by (z): "Budimex in Iraq and Iran"]

[Text] As soon as the shooting stopped in the Iraq-Iran war, both sides began the next battle, this time for the rebuilding of the economic potential. The action is proceeding mainly in three directions: the petrochemical industry, energy, and housing construction. Both countries are inviting foreign firms to join in this work. Among them is also a firm which is in 50th place on the list of the largest contractors—Budimex from Poland.

Grzegorz Tuderek, general manager of Budimex, talked about the presence of Polish specialists on construction jobs in Iraq and Iran, as follows:

"For many years, before the war broke out, skilled Polish workers were present at large investment projects being carried out in those countries. When the guns became silent and both countries began to rebuild their economies, we submitted our offers to take part in these processes.

"Thus in Iraq, in accordance with contracts signed by Budimex with Technical Corporation for Special Projects, in the No. 2 Petrochemical Complex in Basra, Polish designers are employed in the local design office. They will work there for 2 years, with the possibility that the contract will be extended for a longer period.

"We have already underscored our presence in Iran with the signing of two contracts. The first pertains to the erection of a cooling tower in the Sahit Rajaj power plant near Ahwaz, and the second to services performed by our specialists in the Mubarakheh Steel Plant. In both cases, the general contractor on these jobs will be the Warsaw Energoexport.

"Independent of the contracts which Budimex has already signed or negotiated, it has also submitted direct offers to both countries as well as to foreign firms which will invest in Iraq and Iran. There is a large chance that many of them will be accepted."

Preferred Areas of Investment by Foreign Capital Companies Listed

90EP0306A Warsaw FIRMA in Polish
No 10, Oct 89 pp 24-25

[Unattributed item: "Preferred Areas of Economic Operations for Companies With Foreign Participation"]

[Text]

1. Farm-Goods and Food-Processing Industry

- Production of machinery and equipment for farm-goods and food processing and public catering (including machinery and equipment for the production of frozen goods and cold storage).
- Production of canned goods and foodstuffs for children and the sick.
- Production of protein concentrates, fodder additives, and mineral mixes.
- Production of potato-based products.
- Production of processed fruit and vegetables.
- Procurement and processing of herbs.

2. Pharmaceutical Industry and Medical Instruments and Equipment Industry

- Production of medical and laboratory instruments, equipment, apparatuses, devices, and means.
- Production of physical therapy equipment.
- Production of motorized wheelchairs with internal-combustion or electric drive.
- Production of pharmaceuticals and herbal products.
- Production of laboratory chemicals, test kits, isotope and radioactive materials, and so on.

3. Chemical Industry

- Production of highly concentrated fertilizer.
- Production of pesticides.
- Production of polyester, styrene, epoxy, and poliurethane plastics.

4. Production for the Needs of Housing Construction

- Production of machines and equipment for the needs of construction finishing.
- Production of electric equipment.
- Production of metal fittings.
- Production of plastic goods for construction.
- Production of finishing and insulation materials, ceramic whiteware and bathroom fixtures.
- Production of energy, gas, and water-metering devices.

5. Environmental Protection

- Production of environmental protection equipment.
- Construction of sewage treatment facilities (biological and mechanical).

6. Modern Technologies

- Implementation of energy, fuel, and raw-material-saving technologies based on original scientific and technical patterns, including patents, know-how, and licenses, and production based on them.
- Production of machines and equipment associated with the savings of energy, fuel, and raw materials.

7. Television Technology, Electronics, and Electronic Materials

- Production of modern telecommunications devices.
- Production of telecommunications cables.
- Production of computer systems, electronic computer devices, and computer software.

- Production of optic fibers, cables, and technological and metering equipment for their production.

- Production of industrial robots.

- Technological and metering equipment for highly integrated circuits.

- Production of technological equipment for surface assembly.

- Production of up-to-date electronic subassemblies (active and passive).

- Production of materials for the needs of the electronic industry (including small-scale production of chemicals).

- Production of quartz pipes and associated goods for the needs of the electronic industry.

- Production of laminated materials for printed circuits.

8. Production of Laboratory, Research, Monitoring, and Metering Equipment

9. Printing Equipment and Office Products

- Production of printing equipment (including small-scale printing).
- Production of up-to-date office machines and devices.

10. Power Metallurgy Products

11. Manufactured Goods

- Production of new generations of motorized household appliances with greater user values and better performance.
- Production of new generations of consumer electronics utilizing new technical designs and technology not previously used in Poland.
- Production of metal-cutting tools.

12. Packaging

- Production of packaging equipment and equipment for container production.
- Production of containers, packaging materials, and accessories.

13. Transportation

- Production of machinery and equipment for the repair facilities of railway, motor vehicle, air, and waterway transportation.
- Production of machinery and equipment for mechanizing loading operations.

14. Tourism

—Construction and operation of hotels, recreation and tourist facilities.

Joint-Ventures Assessment: Ownership, Legal Issues Persist

90EP0335A Warsaw *POLITYKA-EKSPORT-IMPORT* in Polish No 1, 6 Jan 90 pp 17-18

[Article by Boguslaw Bamber and Wlodzimierz Kicinski: "Battle Reconnaissance: Joint Ventures a Year Later—Capital Low but Hopes High"]

[Text] It has been a year since the updated law on companies in which foreign capital has a share took effect. The results of the operation of these companies on the Polish market are not very evident. Foreign investors, experimenting and expanding their bridgeheads, are making the undertaking of major projects in Poland contingent upon the development of the social and economic situation, above all upon the rate of economic growth, the rate of inflation, the principles of zloty convertibility, the stability of regulations and upon guarantees for the investments that are made.

In the course of the 2.5-year period during which the first law on joint ventures (dated 23 April 1986) was in force, the minister of foreign trade, in an understanding with the finance minister, issued permits for the opening of 52 companies with a combined seed capital of approximately \$40 million and foreign credits amounting to approximately \$160 million. With five exceptions, Polish shareholders held the majority in terms of seed capital, since that was required by the principle in effect at the time. The companies embarked upon activity primarily in the agricultural-processing branch (13), in the machine and tools industry (7) and in services (5). Partners from the FRG (17), the United States (7) and Austria, Holland, Great Britain and the USSR (5 each) predominated. The larger companies which arose in this period include: Lim, Furnal, ITHK, Interkotlin, Union-Vis and Polnisskosher.

The 1986 law was updated on 23 December 1988. After 10 months of being in effect, its results look quite promising. A total of 605 new permits was issued to create companies, of which approximately 250 were registered in court. There is available to us basic data about these companies covering only 9 months of this year (in which 490 permits were issued). Results for the entire year will be known following the first quarter of 1990, after the balances are calculated and verified.

The seed capital of the companies amounted to a combined total of approximately \$135 million US (of which foreign partners contributed somewhat more than \$70 million US), while foreign credits for these companies are to reach approximately \$220 million US. This means that the combined amount of capital of the average company (i.e., domestic capital and foreign capital) amounts to approximately \$700,000 US.

Here is more detailed data on the new companies:

1. The majority (464) are companies with the relatively low seed capital of up to 300 million zlotys.
2. Enterprises with a predominance of foreign capital (212 companies) set up primarily by foreign and domestic natural persons are in the majority.
3. The companies embarked upon economic activity primarily in the agricultural-processing branch (120), in services (93), in light industry—primarily the clothing industry (84), the chemical and pharmaceuticals industry (42), the production of building materials (34), and lumber processing (33).
4. Investors from the FRG (190), Sweden (47), Austria (41), West Berlin (40), the United States (37) and Great Britain (25) opened the most companies.
5. The companies located primarily in Warsaw (116), Poznan (47), Gdansk (33), Szczecin (32) and Katowice (29). They have their headquarters in 39 voivodships.

In many cases one may observe an inconsistency between the goals set for joint ventures companies by the Polish authorities and the goals of Western investors. By means of these companies, the Polish side would like to obtain the greatest possible amount of monies to support the restructuring of the economy and the development of export. On the other hand, partners from the West, particularly large firms, think it would make sense to be involved in companies which take advantage of unstable, hungry markets in Poland and other CEMA countries. The attainment of this goal, however, is contingent upon the possibility of transferring income in free foreign exchange or in the form of special transactions (e.g., compensatory or barter transactions).

An analysis of the volume of the seed capital of companies in which foreign capital has a share supplies basic information on these companies. The law dated 23 December 1988 defines the lower limit of a foreign partner's share at 20 percent of the seed capital, but not less than \$50,000 US. This is to guard against the creation of companies with a fictitious share of foreign organizational units or the creation of such a small company that this deprives it of foreign input of economic significance.

As the data shows, in the companies created to date tendencies towards the establishment of seed capital at a low level are being manifested. Foreign partners stress that such capital freezes the funds of shareholders and, if only from this point of view, its volume should be defined at the low ceiling. Moreover, low seed capital is an expression of the caution of foreign investors entering into the Polish market, which is not very comprehensible to them, for the purpose of sounding things out. This caution is understandable, given the fact that to date only several agreements on the protection and promotion of investments in Poland have been ratified, while taking out risk insurance on investments with Western

agencies such as HERMES or OPIC, given the assessment of Poland as a country with a high risk factor, is quite costly. That is why small and average firms are embarking upon investments in Poland without taking out risk insurance with Western agencies, while large firms, because of the high risk factor, are assessing our country as an unattractive place for locating major investments.

The Agency for Foreign Investment Affairs insists that investors should be aware of the need to preserve "sensible" proportions between credit and seed capital or their own funds (the so-called debt to equity ratio) and in principle not to exceed the 1:10 ratio with financially strong partners. While the intent of this is to lean towards an increase in the seed capital of companies, in practice, however, it may cause a limitation in the amount of foreign credits granted to companies or the suspension of investments in Poland altogether.

For several months now, the Agency has taken a critical stance against the leasing of the production assets of Polish enterprises. This emanates from the underestimation of the assets of Polish enterprises (the reduced level of recorded book value). This could bring about unwarranted benefits for the foreign partner (possible low leasing rates) and fiscal losses to the state treasury (exempting the companies from paying income tax for a three-to-six-year period). Thus, it is proposed that the entry of an entire plant or a significant portion of a plant into a company with a foreign organizational unit be undertaken exclusively through the restructuring of the Polish enterprise into a limited liability company or a stock company, after a prior assessment is done of the value of assets by Western advisory firms. Then, on the basis of a so-called valuation report and after 100 percent of the shares (stock) is taken over by the state treasury, these shares are to be resold to various organizational units, including foreign units, at the so-called market price (there is no differentiation here between the concept of the nominal value of a share or of stock and the market value). Every transaction of this type is to be consulted upon with the government plenipotentiary for ownership restructuring affairs.

Let us note, however, that it will be impossible to open up the Polish economy if the conviction continues that the influx of capital and technologies and ownership changes signify the selling off of assets or national interests. Due to the discussion of the methods of takeover of state assets by companies in which foreign capital has a share, the creation of large companies is being delayed. For example, *aktivs* in the Gdansk Shipyard are currently being assessed by the Arthur Anderson firm from Great Britain, while the assets of Elblag's Zamech are being evaluated by the firm Ernst & Young. Based on such an assessment, joint ventures companies are to be set up through the sale of state treasury stock to foreign investors and others.

Foreign partners estimate that allowing only this form of takeover of the assets of Polish enterprises constitutes an

expression of the "academic" approach to reality and ignores the time element, which plays a primary role in business. This model aims to limit drastically or even suspend the creation of joint ventures companies based on the leasing of Polish assets. We, on the other hand, believe that the leasing of Polish assets should constitute one of the variants of cooperation with foreign partners. This may also be attractive for the Polish side if leasing rates are set at a realistic level which guarantees the full recovery of production assets and profits. Such assets do not become the property of the company or of the foreign partner and their effective utilization lies in the interest of both the Polish side and the foreign side. Meanwhile, the foreign shareholder recognizes the leasing of Polish assets to be an attractive solution since his initial outlay in the form of seed capital (and thereby his risk as well) are significantly diminished. At the same time he is able to become familiar with the principles of economic activity in Poland.

However, the assessment of the assets of Polish enterprises entering a company must always be conducted properly. In addition to the real value of buildings and equipment, this assessment should also include the value of applied technologies, production organizations, the level of qualifications of employees and other elements of the production process which are essential to the operation of the company which has been created.

In relation to joint ventures, the use of amortization deduction rates established many years ago for units of the socialized economy is a problem. These rates were defined in zlotys and they were converted from foreign asset values to zlotys according to the official currency rate of exchange. For example, in Poland such fixed assets as computers have a deduction rate of 10 percent, while in Western countries the rate is seven to 10 times higher. The revision of the level of these rates is an urgent matter in order to ensure the real autonomy of the policy of recovering enterprise assets based on the rate of technical changes in a given branch worldwide. Under conditions of the nonconvertibility of zlotys, the need has arisen for the creation of a special amortization fund in foreign exchange in order to recover the "foreign exchange" portion of production assets.

The 23 December 1988 law defined a very low rate for the official resale of foreign exchange for joint ventures. This amounted to 15 percent or less of revenues from export. For other enterprises reselling an average of approximately 70 percent of free foreign exchange revenues, this privileged status constituted one of the most important motives for creating companies in which foreign capital has a share. At the same time, it distorted the intentions of legislators. The interest of companies in acting as brokers in the commodities trade of other suppliers grew. While the law generally permitted trade as one of the objects of company activity, in practice the Agency for Foreign Investment Affairs restricted these authorizations to export domestic products and import to serve the production needs of the company, to trade

goods on Third World markets and to trade on commission (when goods are not subject to MWGzZ [Ministry of Foreign Economic Cooperation] concessions). This policy is explained by Poland's difficult balance of payments situation.

Liberalization in foreign trade is sure to cause the introduction of zloty convertibility. Moreover, this will mean the equalization of the terms of the foreign exchange trade of joint ventures companies with those of other enterprises, as well as the liquidation of the privileges of certain economic units in foreign trade. The introduction of new principles for reevaluating the fixed assets of joint ventures enterprises and Polonia enterprises is also advised. The lack of this sort of regulation has essentially rendered impossible the implementation of a long-range investment policy in enterprises. Often it has also caused calculable financial losses. After lengthy battles, enterprises in which foreign capital has a share are likewise gaining a change in the principles of calculating amortization rates. However, the rationalization of the rates generally in effect should be closely followed upon by a consideration of the advisability of introducing increased amortization rates in fields recognized as particularly progressive.

In conjunction with the changes in the forms of ownership in our economy which have already been introduced and the creation of a market for capital, the regulations controlling the issue of transferring ownership rights in joint ventures companies should be recognized as outright anachronistic. The purchase of shares by a new natural or legal person still requires the acquisition of a special permit from the Agency for Foreign Investment Affairs. Moreover, in the legally permissible public stock subscriptions, the president of the Agency defines the proportions in which Polish and foreign organizational units are to hold stock. In this instance, only the issuance of inscribed stocks is permitted. This regulatory practice was dictated by the desire to secure state interests. We maintain that the personal identification of a stockholder only ostensibly secures these interests, since the nationality of large foreign companies says very little about the nationality of the shareholders controlling these companies. Consequently, if the issuance of stock to the bearer were made possible, the opportunities for drawing foreign capital into Poland would be increased. Moreover, it would be advisable to allow the creation of other capital companies, including limited joint-stock companies.

Enterprises in which foreign capital has a share and Polish economic organizational units as well should obtain the right to operate on the domestic capital market. The principle of regarding the organizational units from the various sectors and the various forms of ownership in the sphere of capital turnovers as having equal rights should complement the taxation system in effect since 1 January and the new foreign exchange law associated with the introduction of zloty convertibility.

The convertibility of Polish currency will facilitate in general the economic activity of firms in which foreign capital has a share. In conjunction with the duty to resell

foreign exchange revenues to the bank and given the occurrence of inflation, both joint ventures companies and Polish enterprises must consider possible losses caused by discrepancies between the selling price and purchase price of foreign exchange. The minimization of this risk and the creation of stable conditions for the operation of enterprises will be one of the more difficult tasks confronting banks.

On the other hand, the tasks of the Agency for Foreign Investment Affairs should include gradual self-limitation, especially in the task of generating bans and attempts at exerting direct influence on the activity of companies.

The influx of significant capital from abroad is still needed by our economy. In the past year in Poland, the doors opened wider to foreign enterprises. If we create favorable terms for them to conduct business, and if the reform leads to the stabilization of the economic and social situation, we may expect subsequent investments of foreign capital which are even larger. To use military terminology, the first ones constituted "battle reconnaissance."

Bankruptcy Draft Law: Intervention To Precede Receivership, Liquidation

90EP0343B Warsaw RZECZPOSPOLITA in Polish
12 Jan 90 pp 1-2

[Article by (kb): "Bankruptcy Law Will Change"]

[Text] When Kowalski does not pay his debts—we wrote on this subject recently—he can expect to get a visit from his creditor. When a state enterprise is a debtor, everyone, in accordance with the law, has the duty to help it. Bankruptcy of a firm is something that happens extremely rarely. This situation, which gives a privilege to a certain category of economic organizations, will change when the bankruptcy law is amended. The draft of these changes was given a preliminary examination on 10 January by KERM [the Economic Committee of the Council of Ministers].

The draft pertains to three laws: the prewar (1934) bankruptcy law, the law on state enterprises, and the cooperative law. The draft changes provide that everyone who conducts economic activity would be required, under the law, to declare bankruptcy in case of insolvency.

The only exception would be individuals who conduct economic activity on a casual basis (home crafts and the like); private farmers; banks, institutions, funds, and organizations established under the law; territorial and occupational self-management bodies; foundations not conducting economic activities; and such enterprises as the Polish State Railroads, LOT Polish Air Lines, the airports, the post office, etc.

The proposals examined by KERM also apply to procedures on remedial behavior and the course of bankruptcy. Generally, it is a matter of shortening these procedures.

For example, it is expected that the concept of boards of commissioners will no longer be employed. In their place, a remedial commission, with broad powers, appointed by the parent organ, would function in the enterprise which is operating at a loss. It would include representatives of the enterprise's workers' self-management. If the work of this commission is unsuccessful, the parent organ could then liquidate the enterprise.

We know from management practice that outside intervention in an enterprise is indicated not only when an enterprise is operating at a loss and is not able to meet its obligations, but much earlier, when it is managing badly. This earlier intervention would often be much more effective. Anyway, it is often necessary for other reasons also. For example, frequently monopoly agreements must be broken up.

Hence the proposal to change the law on state enterprises, permitting parent organs (not the premier as the consolidation law provides) to make decisions regarding the combining and splitting up of enterprises, and also, in situations described in the law, the liquidating of enterprises.

The discussion on the draft changes was not concluded on Thursday. The KERM members will return to it at the next meeting of the committee.

Small Business Struggles To Stay Afloat Under New Economic Order

90EP0332A Warsaw POLITYKA in Polish
No. 3, 20 Jan 90 p 4

[Article by Andrzej Mozolowski: "A Napoleon Urgently Needed"]

[Text]

Illusions, Illusions...

How many lengthy articles have been written, how many effective and persuasive speeches in the Sejm have the deputies listened to... And what is still in store for us: the breakup of monopolies in trade, the breakup of the exclusivity of large and incompetent cooperative organizations, the placement of shops, service centers, and restaurants in private hands, the creation of private wholesale trade, without which a competitive market cannot be imagined; in general, replacement of state trade with private trade. This goal appears to be the basic element in many of the programs dealing with a market-oriented economy.

Reality Shatters Illusions

On 18 January, i.e., 2 days after this issue of POLITYKA appears on the stands, an auction will be held in the North Praga district of Warsaw: 30 shops, fully equipped, will be put up for sale. There will be no need, therefore, to strenuously search for a location, to work one's way through agreements and acceptances, to purchase scarce construction materials, to struggle with

contractors, to freeze capital for years; one can come, find everything in place, and begin to sell. Until very recently, there were a good many people looking for just such a windfall. Now, I fear, not one of the shops being offered will pass into private hands. There will be no bidders.

One in Three Shopkeepers Wants To Close Down

Kuwait, Hongkong, Istanbul, Singapore... From them came hundreds of thousands of jeans, cheap garments, footwear, clothing of all kinds, watches, electronic equipment, cameras, and all kinds of things brought in by our resourceful tourists. The party is over. Now, a sizeable duty has to be added to every pair of pants, plus a sales tax, and of course the applicable portion of the several million zlotys spent on an airline ticket. Who is going to buy, if the price of these imported goods, which are not entirely essential and now not affordable to everyone, is more than doubled?

Private trade will be left with domestically produced crafts products. Except that in the crafts there is also a recession and a galloping rise in costs, creeping prices and fewer customers.

There are still the farm-food articles. They are becoming more expensive, certainly, but everyone is buying and will continue to buy potatoes, cabbages, and our daily bread, regardless of price. That may very well be, nevertheless the dealers in this branch have also become sad. Because their fortunes did not grow on potatoes or onions, but on imported juices, coffee, bananas, and other foreign delicacies, bought by customers during their daily purchases of vegetables and cereals. The cutbacks in import, under the present very strict tax policy, the skyhigh rents and the customers' need to count every cent, here, too, is creating the worst misgivings as to the future of this branch.

"If we just did not have to deal with wholesale monopolies," you hear here and there. "If we just had our own wholesale trade!" Unfortunately, considering the extremely expensive credit, the naturally slow rotation of goods in the wholesale houses, and the increase in the sales tax from one to four percent, to say nothing of the elimination of investment tax allowances—only a fool would attempt to go into wholesale trade today.

It is not surprising, therefore, that one in three merchants are talking about liquidating their businesses. Right now they are only talking. Some of them, however, are suspending operations, for a month, two, or three. They close the shop, report the closing to the treasury office, and wait to see what will come of all of this.

Others, mainly the small merchants in the food branch (and others also), are saying that they will go into the underground economy. They are already looking with envy in this direction. In many cities, such as Warsaw, Lublin, and Wroclaw, huge bazaar-fairs held here and there as often as two or three times a week are taking

customers and money away from the professional merchants. There the people do not pay taxes, or rent, or electricity, gas or heat; and for this they are raking in clear cash, complain the dealers. And so a tailor, for example, stops to think whether it would not be better to dismiss his staff, close the shop, scoff at the treasury office, place a sewing machine between the sofa and the credenza, and quietly sew. A little, but very profitably.

Resignations

At present scarcely 15 percent of the shops are in private hands (we must say here that we are treating the private one-person shops and stands on a par with co-op supermarkets). Only in the fruit and vegetable branch does this sector play a large role: it sells half of all the fruits and vegetables in the country. It also has 30 percent of the places in the restaurants.

A year ago it looked as if it were going to be a merchants' spring. In the first six months, 30,000 new private sales, restaurants and services places were established—a 50 percent growth! Unbelievable... We do not yet have the figures for the second half-year, but they were probably also good. Now a breakdown has occurred, a decline is beginning, and some say, a collapse.

It is no wonder that there was an atmosphere of gloom at the 23d Congress of Delegates of the Chief Council of Private Trade and Service Associations.

The delegates, filled with the worst misgivings, expressed gloomy predictions and were vicious in their criticism of the government, and most of all, of the finance minister and his treasury offices. In the hall and in the lobbies, the talk was mainly about the closing of shops and restaurants, not to mention boardinghouses, which, in the opinion of their owners, will be the first victims of the recession and the minister of finance.

The other topic, however, and perhaps the dominating one, was organizational matters, consisting mainly of making charges against one another. The delegates of the largest Warsaw private trade and service association read a manifesto announcing that they are resigning from the chief council, and with a slam left the hall. The remaining delegates either expressed outrage at this or justified their action saying that the council was in a state of torpor. The speeches of the council representatives, in turn, revealed that a large number of voivodship associations are in arrears with their share of the assessment for the maintenance of the council, and some of them are not paying anything at all. Because of this, the council has nothing with which to pay for the light, gas and rent. And without light and gas, is it not possible to fall into a state of torpor?

The associations, however, explained logically that they cannot pay because they, too, are having a hard time, that their members are not paying their dues. Previously they were a close-knit, integrated group, because food cards and coupons for gasoline were handed out in the associations. Now, if anyone shows up at all, it is

primarily to resign. The newly forming sales and service organizations do not join associations at all, because they have nothing to offer. And the chief council?

Its reasons for existence, too, have been subjected to discussions in which it was argued that in order for it to exist, each member would have to be assessed a charge of 1,200 zlotys a month. True, as someone sensibly remarked in the lobby, everyone present spends more than that each day on cigarettes. Nevertheless, the matter took up a considerable amount of time in the discussions but was not settled and the weighty decision was left to the discretion of the board.

The Congress' only concrete result appeared to be a resolution protesting the government's tax policy. Plus there was the election of a new executive board, which was also difficult because either the candidates were not present or those present in the hall did not agree to run for office.

No Longer Is There a Jablowski, a Brun, or a Herse

Private trade in Poland today is niggardly, disorganized and not capable of any kind of expansion. In these circumstances, any hope that these people will bear the burden of the privatization of commodity sales, that they can create a real market, is absurd.

And yet it is on them that this burden should rest. On them, the professionals with the capital, because after all it cannot rest on the impoverished dilettantes who, having lost their job in bankrupting state enterprises, dream about a career as merchant. Of course, there is still the privatization of socialized trade by way of stockholding or leasing. That is a very important process, but it is lengthy and deserves a separate article.

What we would like to see in our country is the normal development of trade on the world model, such as the model of Woolworth's, A&P, or scores of other huge chain enterprises in the West. A small shopkeeper who did well, enlarged his shop by buying out his neighbor, chose a partner, opened another shop, and then another, and finally built the first supermarket, and warehouses, wholesale houses and procurement centers, and replaced his delivery van with a fleet of 10-ton trucks. He invested, invested, and invested.

In Poland, something like this at a time of growing recession is out of the question. That requires no explanation. Now the merchant's only task is to lay low and wait out the worst.

But, when this recession passes, when after six months perhaps (would it were so!) inflation is dead and the zloty is hard, credit is cheaper, taxes are lower, incomes are growing, and a great revitalization is starting to take place, will the frigate of Polish trade, shown on the association's insignia, sail under full wind?

I do not think so. There are no great merchants today, merchants such as the erstwhile Jablowski, Krzysztof

Brun, and Herse. There is no powerful, as there was then, Merchants Association, strong both financially and politically. There are scattered, unorganized and still intimidated small owners of small shops, stalls, kiosks and roadside stands.

First Violin!

For the situation to change, a strong organization, a merchants' lobby, is essential. Someone at the Congress whispered that the Democratic Party is no patron. It itself has very little to say and it does not concern itself with dealers, proof of which is the absence of any of its leaders at the Congress (if we do not count the entreated chairman of the Party, who dashed into the hall for literally 5 minutes in order to pin a couple of medals on some deserving chests).

We should put ourselves under the care of those who push most strongly for privatization. Solidarity or the Citizens Parliamentary Club. It is absolutely essential that the needs and demands of the merchants be articulated in the Sejm. Now, too, I hear, while Balcerowicz's program is being put into effect (Balcerowicz is not even afraid of the farmers' lobby, before whom everyone trembles). Such a Sejm merchants' lobby could not allow the government to commit such glaring violations of the law as failing to hold compulsory consultations with the merchants' self-management on the draft tax law. It would bring about the deletion of article 169 of the Administrative Procedures Code, which permits treasury officials to reject a merchant's financial documentation without justification, and settle a couple of other matters also. At present, the merchants are ignored by everyone, by the Sejm, by the voivodship administrations, and even by the gmina chiefs.

Thus, we need a lobby with political support.

Thus, we need a strong self-management.

Thus, we need our own bank. Perhaps in partnership with crafts?

Thus, finally, we need a financial linking of trade with services, with production, with agriculture. Companies, both private-state and private-cooperative.

For all of this we urgently need a Napoleon (or better yet, several Napoleons). It so happens in our country that the great heads for business, such as Wilczek, Stoklosa and a couple of others, are concerning themselves with manufacture, not trade. This is due to the buyer's market which has been in effect in Poland for 45 years, a market in which demand always exceeded supply. Industry always held sway over trade, which was beggarly anyway and more badly treated than any other branch of the economy. It was always better business to produce, and the product sold itself.

In the near future the situation may change. If everything goes well, we may live to see market balance, for the first time. So what if it has to come as a result of the

inevitable pauperization of society. This will not change the fact that for the first time it will be easier to buy than to sell. The seller will cater to the buyer. Industry will curry the favor of trade. Trade will try to ingratiate itself with the customer. This may be so strange to us as to be unbelievable. Yet, if what the government is planning comes to pass, that is how it will be.

And then the great era of trade will begin. We must prepare for it, and in this market orchestra private trade must play first violin.

Construction Industry: Expensive Credit Complicates Housing Issue

90EP0363A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 6, 11 Feb 90 p 6

[Article by Andrzej W. Malachowski: "Goods and Credit: Clients Must Pay for the House and the Money"]

[Text] The idea comes down to something very simple: Help me and trust me today and I will help you in the near future. Help and trust today means investing 10 million zlotys, and help in the near future means a guarantee of obtaining a house and credit to buy this house. Of course, all of this refers to the new Drewbud campaign now being advertised in the newspapers and on radio and television. This involves sales of promises of houses, which the clients are supposed to receive during 1994-98 (the order of receipt will be determined by drawings). President Bykowski, from Poznan, head of Drewbud, is once again surprising his friends and adversaries with his unconventional economic idea.

The essence of the matter, he believes, lies in the fact that the producer should take the initiative, that he should see to it that the client is able to buy his product. Thus, the goods should be linked with credit, because only such relationships with buyers have a future.

Housing construction, multifamily as well as one-family houses, is expensive. And not just in our country. Yet if a Frenchman or an American with only an average income can afford to buy a house, it is due primarily to the fact that he has available to him many forms of attractive credit. Without credit there is no construction because there are no buyers. In our country, there are also thousands of other reasons, but slowly a financial barrier is beginning to be created. The Drewbud corporation is fully aware of the development of this problem. There is a fear that Drewbud houses, although 40 percent cheaper than other forms of construction, may still be too expensive for the ordinary buyer. At the corporation's envisaged production capacity of 15,000 houses a year, there may be problems with placing the product on the market. And in order to keep the business going, the client must be given financial help.

Buying a promise gives the right to buy a house between 1994-98 (the sequence of receipt to be determined by a lottery system) and to obtain credit. Drewbud promises that credits up to 30 percent of the value of the house will

be granted at the time of purchase, at an annual interest rate of 6 percent, with payments spread over 3 years. It is possible, however, that the credit will be higher (up to 50 percent of the value of the house) and the payments will be spread over 10 years. But this will depend on the firm's economic situation. Obtainment of other loans, e.g., a bank loan, does not preclude receipt of credit from Drewbud.

Thirty thousand promises will be sold. They can be purchased by depositing to the corporation's account (details will be given in press announcements), the sum of 10 million zlotys at any post office, PKO bank, etc. The guarantee for the purchasers of the promises is Drewbud's assets, which at this time are already sizable.

The corporation, using part of the 30 billion zlotys obtained from the sale of stock, has invested in the idle production capacity of different enterprises, entering into holding-type companies with them. At the moment there are 12 of them. In all of them, Drewbud has the majority interest and thanks to that, it can determine the production profile and direct it in such a way that a finished house can be formed out of the sum total of this production.

Of course, it is difficult to say whether Drewbud's latest offer will arouse any client interest. The price of a promise is not all that low, and the prospect of receiving a house, although real, is still rather difficult for the buyer to realize, because there still has to be a place to put it, to say nothing of financial means. But the elements produced in Drewbud firms can be used not only to build houses, but also farm buildings for the countryside, workshops or headquarters for various firms. Thus this is also an offer for the private businesses now springing up in Poland. In addition, the promises are a negotiable security which can be bought and sold, the

same as the already issued Drewbud stock. Drewbud-Bank has already registered over 150 sales and purchase transactions of these stocks. The clients do not have to say what each share of stock costs, but unofficially we know that it is about 10 million zlotys, and the highest price paid, which the Drewbud-bank employees know unofficially, was \$2,000.

But without a doubt, the basic element which will determine the success of the campaign to sell promises and reinforce the corporation financially (we are talking about a sum of money on the order of 300 billion zlotys), is the matter of trust and certainty whether the money invested in a promise today will bring a loan in the future.

As of now, Drewbud appears to be financially sound and, in addition, has a considerable production potential. The announcements that in the latter part of 1989 it will have the capability to construct over 300 houses were not boasts. At this time, over 80 houses are in various stages of completion and all of the necessary elements have been assembled for construction of the remainder. The warehouses are actually overflowing; this is caused by lack of suitable sites or the the process of obtaining these sites is protracted.

During the first stage, the elements needed to build row houses are being prepared. In approximately the second half of the year, the requirements of the first stockholders, in the order in which they were drawn, will be worked on, and towards the end of the year those who won will receive houses. This will be a free-standing house, whose elements will go into production in the immediate future.

But regardless of everything, Drewbud's ideas and campaign are a very interesting element in the economic game plan, an attempt to revive a rather dead market.

CZECHOSLOVAKIA

New Impetus for Cultural Initiative

90EC0288A Vienna DER STANDARD in German
2 Feb 90 p 9

[Article by Paul Krontorad: "Prague's New Cultural Life. When Dreams Come True"]

[Text] Prague—At the moment in Czechoslovakia, the seeds are sprouting which Vaclav Havel, the new president, sowed while still spokesman of the opposition. Early last summer, when people didn't even dare dream of what is now referred to as the velvet revolution, Havel suggested the establishment of an independent, cooperative publishing house. It did not take long to find a name for the venture. It was decided to call it "Atlantis" after the fabled sunken continent which is supposed to house hidden treasures. As general manager Havel himself picked his friend and sympathizer Milan Uhde, a Brno lyric poet and publicist of his own age. But the project never went beyond this symbolic gesture. Without money and above all without access to the government-run means of production there was no way the publishing house could begin to operate.

Now that the velvet revolution has taken place and, as everyone hopes, is secure, Atlantis is coming to life—for the time being in Uhde's Brno apartment. Havel himself donated DM 100,000 seed money which he received when he was awarded the Peace Prize of the German Book Publishers Association.

He can afford it because, wherever he goes on a state visit these days, performances of his plays are hastily scheduled. Which is why reports about his official visits, e.g., to Budapest, are always in the form of theater reviews as well.

Production Team as Advisory Staff

Havel is subjected to good-natured ridicule regarding his advisory staff which includes only a single economist. Others include the writer Eda Kriseova whose novel "The Pompeian Woman," originally published in a samizdat edition, has been translated into German; a writer of popular song lyrics; a stage designer and a stage director. Havel's bodyguards are two stuntmen from the Bararandov film studio which were built by his uncle. Havel's fellow writers say that given such a staff the president could produce one of his plays himself any time he wanted.

Havel's hard currency donation enables the Atlantis general manager to buy the paper he needs and to meet tight deadlines. This makes him competitive with the established government publishing houses with their huge staffs and ample funds which were never forced to operate in a businesslike manner and are now hastening to offer lucrative contracts to previously banned authors like Ivan Klima.

The future of Atlantis appears assured as a result of two additional donations. Milan Kundera has extended the Czechoslovak copyrights of his works to the new publishing house and waived his royalties. Alexander Solzhenitsyn's works will also be published in Czech by Atlantis. Milan Uhde is thinking like a capitalist in that he intends to adjust the size of his staff to production volume. The future looks rosy as long as the Czechs' thirst for reading matter continues. Even the works of authors less well known than Kundera or Solzhenitsyn have been published in first editions of 50,000 copies.

The transition from government-run to cooperative or even to privately owned structures is proceeding in full accordance with the velvet revolution. The old writers association which was the seedbed of the reformist ideas of the Prague Spring prior to 1969 compromised itself by its 20 years of service to the "normalization" process to such an extent that it has been decided to dissolve it. On the other hand, none of the writers care to live or work without the cozy home which the association, its club (where one can still eat well and cheaply) and its publishing house offered to its membership.

Standing in Line To Buy a Newspaper

LITERARNI NOVINY will be published as a supplement to LIDOVE NOVINY [The People's Newspaper], the most successful of the new publications. Presently, 500,000 copies of it are published twice a week by the Agricultural Publishing House and are sold out by 6 am. Long lines also form at noon to buy a copy of EXPRES, a four-page midday paper which contains a mixture of news and brief commentaries.

For the first time in 20 years television is genuinely competing with the legitimate stage. Otomar Krejca has returned and is negotiating with the ministry about reopening his theater, "In Back of the Gate," which was shut down in 1969. Jan Grossman who had been banished to the municipal theater in Cheb, where Wallenstein was murdered, has put on Moliere's "Don Juan" and is preparing the Czechoslovak premiere of Havel's "Largo Desolato" at the same theater where he and Krejca premiered Havel's first plays. To be sure, a great deal of uncertainty can still be felt underneath the general mood of optimism. People are superstitiously clinging to the old prophecy that everything will turn out well in Bohemia once Agnes, the Przemysl king's daughter, has been canonized.

This finally happened last fall. Some 5,000 of the faithful made the pilgrimage from Bohemia to Rome. The great changes which have taken place since are viewed as a fulfillment of the medieval legend.

GERMAN DEMOCRATIC REPUBLIC

Nation's Mental Health Viewed

90EG0172A Hamburg DER SPIEGEL in German
Vol 44 No 7, 12 Feb 90 pp 216-221

[Article by Hans Halter: "'Revolt of Neurosis'—SPIEGEL Reporter Hans Halter on the Mentally Ill and Psychiatrists in the GDR"]

[Text] Erich Honecker: psychoorganic continuity syndrome; Willi Stoph: hallucinations with delusional mistaking of his jail guards; Erich Mielke: paramnesia resulting from arteriosclerotic catabolism of the brain; Wolfgang Berghofer: identity crisis; Gregor Gysi: reactive depression; and so on from top to bottom. What we have here is the textbook of psychiatry from A to Z, from affective disorder to obsessive-compulsive neurosis.

It is a folk play in which everyone takes part, including the neurologists. All, big and small, have reached agreement already on the diagnosis. Since 9 November, the day the Wall was stormed, the citizen of the GDR describes his feelings with the well-chosen statement: "Why, that is madness." The freedom to travel, the KaDeWe [department store in West Berlin], the first Trabant automobile in Paris, almost all Politburo members in jail. And now elections, reunification and Western currency to boot. Madness!

Has everybody gone crazy?

No, not everybody. The boys from the Ministry for State Security [MfS] have not changed. Six thousand of them have donned the gray uniforms of the customs police, they are now to concentrate on smugglers. The smart-looking customs guards, most of them recruits between 20 and 30 years old, are posted in the second rank at every opening in the Wall. In a good mood, socially outgoing, always ready with a little joke. No comparison at all with the old sourpusses of the original GDR "customs administration."

The new generation of the MfS is different, not so narrow-minded, but rather relaxed and in good spirits, still today. "Those were carefully selected people," a female psychologist from East Berlin explains the phenomenon, "intelligent, capable of dealing with stress, unemotional. They do not decompensate so quickly."

In "Herzberge," a specialized hospital for neurology and psychiatry in the Berlin district of Lichtenberg, one still has pleasant memories of three doctors whom the MfS assigned there for training as specialists. Herzberge is located in the shadows of MfS headquarters on Normanenstrasse, where, under the command of Erich Mielke, 33,121 employees "generated" security. Also required for this task are good psychiatrists. The three from Herzberge filled the bill.

"Attentive, interested, optimistic," they are described, "better paid than we and now as if swallowed up by the earth." But have no fear: "they will not lapse into depression." If the long-distance diagnosis of the specialists for mental illness who have stayed on is correct, their former colleagues are not even threatened with an "identity crisis," even though nearly everyone in the GDR suffers from this.

Questions and doubts are the prelude to the crisis: was everything wrong? Should I have done things differently after all? Do I still have a chance now? Am I sufficiently qualified? What does the future hold?

A good 150 persons at their wit's end gathered a week ago Monday in a "folk art club" on Willi-Bredel-Strasse in East Berlin. Three female artists and psychotherapist Alexander Schulze, 38 years old, plan to establish self-help groups there. Through conversation, the identity crisis is to be divested of the life-threatening dynamics. The run on these sessions is enormous.

"Many people are completely incapable of coping with the new type of situation," Schulze, by profession a senior physician in the neurological clinic of the Charite [hospital in East Berlin], the largest and most renowned hospital of the republic, explains. "They were the perfect command recipients." Now, suddenly, there is no longer any direction from above. Self-initiative is required, the situation is wide open. Especially for "desk criminals," the options have increased by leaps and bounds. The old system of values has collapsed. All the tracks that once guaranteed stability and career advancement are being dismantled. Neurologist Schulze: "The result is an extreme lability"—the identity crisis.

The waiting rooms of the psychiatrists are full. "First they always said: Be careful! That's not allowed. You'll be called on the carpet for that," a senior official, 54 years old and an economist by profession, reports. "And now I'm supposed to have daily meetings with men from the West. Joint ventures, you know."

He himself is completely confused. His heart aches, he lies awake at night. His skin is bathed in cold sweat. The veins in his forehead stand out to a frightful degree—as was the case with President Hans Modrow after big, strong Helmut Kohl, in hour-long talks, had told him for the first time in Dresden where they were now headed.

For millions of GDR citizens, their outlook has completely changed—overnight. The turning point is the 9 November, when the Wall fell in the darkness. Persons loyal to authority (and there are millions of them in the GDR) speak guardedly of "before the turning point" and "after the turning point." Unexpected events of such dimensions and impact completely disrupt the psychic balance of many people. For sensitive, especially perceptive persons, or those constitutionally at risk, the psychodynamic drama is as great as it was in 1944/45.

Back then the familiar spectrum of mental illnesses underwent a change. Older doctors recall that there were suddenly no longer any imaginary sicknesses. The two extreme behavior patterns in situations of danger or great anxiety, namely to either run away in a "temper tantrum" or to play "dead" in a state of paralysis, registered a rapid increase. At the end of the war, thousands of people suffering from deep depression took their own life. Suicides, which statistically seen had been a rather stable phenomenon for decades, suddenly took on an epidemic character. Botched suicide attempts, on the other hand, declined. In most cases they are only a cry for help, and who hears these in turbulent times?

Unwilling to admit the truth, the GDR Government for decades placed suicides under a taboo. Not even in the

official cause-of-death statistics did suicides find mention. Even today they would rather suppress them. The number of functionaries who, out of depression or panic, or because they could not balance their books, put their Makarov service pistol to their heads and pulled the trigger can only be learned through rumors: hundreds, it is said. In local newspapers, the number of obituary notices for men who "have left us unexpectedly and much too soon" is increasing.

Psychologists manning the "telephone of faith" are likewise seeing an "increase in depressive reactions." The telephone number—East Berlin 437 70 02—can be dialed anonymously from 1200 until 0600 by persons seeking advice. Most of the 40 or 50 persons who call each day complain about their "stress," about "acute crises" and thoughts of suicide. What advice does one give an old SED [Socialist Unity Party of Germany] man whose chic wife, after 20 years, took off alone for the West? How does one console the woman who has lost her job as a cook for the MfS? The telephone counselors, too, are unable to provide the man who wants to discuss the whole GDR mess with Gorbachev personally with a special aircraft to Moscow.

"The lid's off the pot now," thus the diagnosis of certified psychologist Juergen Hahn, 32, an employee of this "special counseling center" of the GDR public health service. "Optimism is on the wane. Fear of the unknown is running rampant now."

This first general feeling of insecurity in the history of the GDR has many facets. It is not always a case of destroyed concepts of values, the power of the MfS, or fear of on-the-job failure in the future or of being "set free." Those are more the concerns of the parents. Their children are drawn into the crisis because the new mobility destroys old friendships, extends the living space to an extreme degree, and increases temptations: Is the attractive fiancée from the East always supposed to just say "No" in the glittering disco in the West?

"Many people are afraid of freedom," psychoanalyst Hans-Joachim Maaz of Halle fears. "For that reason, they are looking for firm structures, for new obligations, and a new leader." In short: "Subconsciously, many GDR citizens want abnormal conditions," still today, after the turning point. Maaz calls this the "revolt of neurosis."

The native of Halle is the physician in charge of the psychotherapeutic department in the Evangelisches Diakoniewerk [a Protestant charitable service], and neurosis is his specialty. Strictly speaking, the condition is seen as the incorrect mental processing of a conflict, in other words, an "abnormal experience reaction," which leads to a state of illness. Neurosis is set apart from the psychoses, e.g., schizophrenia, whose content is delusion and therefore not empathic. A third group that must be distinguished comprises the psychopaths, persons with an abnormal personality. In an industrial state, one can assume, depending on the screening method being used,

the incidence of approximately 10 percent neurotics, 7 percent psychopaths, and 2 percent psychotics.

By definition, there can be no "mass psychosis" in the GDR following the turning point, as many loudmouths in Bonn are proclaiming, for there is no such thing. On the other hand, one could speak of a mass neurosis. Psychoanalyst Maaz, 46, who in the last 10 years has patiently listened to approximately 5,000 patients, sees the "entire population" affected by a "typical character deformation with neurotic aspects," a GDR syndrome, as it were. Maaz: "We find a social facade of respectability, discipline and order"—but concealed behind it are existential fears, rage, hatred, pain, and sadness.

Who will suffer a mental disorder, when and to what extent—and if at all—is uncertain. The GDR syndrome seems to afflict men more often than women and older people more than the young. It is for that reason that the newly uniformed MfS customs guards are more cheerful and relaxed, while their former supervisors in the immense apparatus of state and party are afraid or aggressive, and in any case subject to rapid mood changes. Maaz: "There are a lot of things still in store for us."

Not only the "revolt of neurosis" is to be expected. The psychotics and neuropaths are likewise beginning to stir. The turning point has reached the psychiatric clinics. These are old, towering fortresses with walls, most of them built during Kaiser Wilhelm's time already, firmly entrenched in Prussia's soil. Here, in the last 100 years, many a troublemaker has become a mental case. For psychiatry has at all times and in all places been a powerful weapon of social control.

For that reason, too, Hans Eichhorn, the director of the regional hospital for psychiatry and neurology in the Mecklenburg city of Ueckermünde had all the walls of his institution torn down and all doors unlocked years ago, "really all."

It follows that, in November/December, his patients set out individually and in teams to pick up their welcome money in the West. Now they are all back, only a couple of nurses and handmen stayed over there. The Herzberge psychiatric clinic in Berlin likewise lost none of its patients. Apparently the mentally ill do feel safe and secure within the fortresses.

Also those persons notice the turning point who live in an unknown, distant world, tormented by hallucinations and paranoia, the persecution complex. Many of them imagined that their mail was being monitored, as well as their telephone and house, including the toilet. Or that Berlin was crisscrossed by subterranean tunnels, and the state was being governed by an invisible state within the state.

Again and again, institution inmates in the GDR express the wish to speak immediately to Gorbachev. Their hope: If Gorbi knew what was going on, help would not be long in coming. Can one call such people "crazy"? Or is this designation not more appropriate for the well-paid specialists who organize the mail and telephone surveillance of an

entire area, while others monitor conversations in the toilet and no doubt also have secret tunnels dug? When all delusions are reality, is reality then not crazy?

In 1836, Czar Nicholas I had a Russian philosopher declared insane by compliant physicians. The thinker had refused to acknowledge that serfdom was ordained by God and absolutely essential. He was put behind bars. Are there also such political psychiatrists in the GDR? It does credit to the guild that this question can be answered with: No. The "psychiatrization" of dissidents—still under Brezhnev a Russian specialty—was not practiced in the German partial republic. "Psychiatry was always a niche," one explains in Herzberge, "whoever we took under our wing was left alone by the state."

This rule even applied to the National People's Army. Its ranking psychiatrist, Colonel Fanter, professor and doctor of medical science, is held in high regard in the international fraternity of military doctors. Long before the turning point, he met with his Western colleagues in Switzerland. With reference to his own work, he says: "I would stake my life on the psychiatry practiced in the GDR."

Fanter resides in the military medical academy (MMA) situated on the Scharmuetzelsee [lake located south of Fuerstenwalde]. Crisp military commands are out of fashion there. Only the works of art of the Socialist Realism movement remind one of heroic times. The colonel wears a uniform under his white coat. He, thus, symbolizes graphically the insoluble conflict of all military doctors: Is their uniform nearer and dearer to them than the white coat? Are they first and foremost officers, or would they rather be perceived as doctors? Fanter swears that "in our army no one in psychosis has been punished for a slip of the tongue." Also when appearing in court as a consultant, he had "always come to the defense" of the mentally ill.

In the Middle Ages, psychotics had hallucinations about the devil, in the last century about Galvanic arcs or Napoleon, and in the National People's Army about cosmic rays and wonder weapons. One man wanted to make his Trabant automobile into an all-purpose rocket and was retired for his efforts. Fanter cannot recall any soldiers who thought they were Ulbricht or Honecker. Yet precisely that would constitute reliable proof of true prominence—in West German psychiatric clinics, aside from numerous reincarnations of Jesus Christ, Napoleon, and Countess Dubarry, there is always one or the other Helmut Kohl as well.

Two mental illnesses which existed nowhere else in the world died out after the turning point: the "Berlin Wall sickness," first described in 1973, a woeful bundle of physical and mental complaints, and, secondly, the "extortionate border penetration." The latter was experienced numerous times by Director Eichhorn at Ueckermuende: His patients took off in the direction of the border, were caught, and, since officially not accountable for their actions, turned the escape attempt to their own personal advantage, in the form of a single room, for example.

Now the cards are being newly shuffled. The old power relationship between psychiatrists and patients will not be sustainable, at least not in the institutions. The doctors already know this. "Until now we decided what happened with the patients," one hears in Herzberge, "to their advantage, but without their involvement in the decisionmaking process. Up to and including their immobilization"—a reference to the physical restraining of restless patients. "That will probably stop now."

Hopefully, the days of shock therapy are also numbered. Here a jolt of electricity is shot through the sick brain, the patient loses consciousness momentarily. His body is racked by epileptic seizures, sometimes accompanied by bone fractures. This sort of "cramp therapy" is supposed to counteract depression and delusions. "They use it to keep their wards quiet," psychiatrist Eichhorn states with reference to his colleagues, "and if they tell you that they do it only infrequently, they are lying."

"We are living in a state of suspension," Charite senior physician Schulze concludes. "Many are badly off, some are doing better, nobody is doing well." He himself is waiting for the day when his everyday life will be "revolutionized" and—for that reason?—he has joined the SPD [Social Democratic Party] party. But any radical change in everyday life will probably still be a long time in coming.

"We must learn how to live out our justified aggressiveness," analyst Maaz counsels himself and his charges. But where is that to lead? His colleague Eichhorn looks with concern at the young generation, who, following the collapse of all systems of values, with "pride-inflated breast cross the street on red."

Good advice is rare, good deeds, on the other hand, are free: The (West) Berlin "insane initiative," a self-help group of mentally ill persons, is currently building its first branch in Leipzig. And the new Berlin "runaway house" of the "insane initiative," bought with an inheritance worth millions, will in the future offer asylum to all who have run away, in both East and West.

POLAND

Higher Education: Projects for Reform Presented

90EP0326A Warsaw ZYCIE WARSZAWY in Polish
12 Jan 90 pp 1-2

[Article by (par): "The Future of Educational Democracy: A Picture Without a Docent?"]

[Text] A revolution is imminent in Polish education: The position of docent is to disappear from the picture. At least, this is what is being proposed by the bill regarding academic degrees and titles, which together with the bill on the new regulations pertaining to higher education, is being currently discussed in institutions of higher learning.

The draft of the first law is neither too radical nor too conservative. Since everything in our country is to proceed by way of evolution, thus, including the field of education and particularly institutions of higher learning, the revolution has been deemed inadvisable.

Therefore, those who felt that it is necessary to construct a ladder of degrees and academic titles with very few rungs—which in practice would mean one doctoral degree and one professor's title—are disappointed.

The bill proposes that two academic degrees be retained: the doctoral degree and that of the doctor habilitatus as well as one title of professor. Thus, the distinction between full professors and associate professors would disappear although not entirely.

Two professor's positions are to function alongside one title of professor in institutions of higher learning. A problem has arisen as to what to do with docents. Thus, (this is determined by the regulations of the proposed bill regarding higher education) docents with qualifying examinations for assistant professorships successfully behind them would occupy associate professor's posts whereas those without such qualifications would have to be satisfied with the title of senior lecturers/instructors. Naturally, all professors would receive posts as full professors.

The issue of docents is raising quite a stir, particularly among those who do not have the required qualifications for associate professorships. However, the view that it is finally time to settle the matter of those who frequently obtained titles and positions for other than academic merits seems to dominate. For this reason, this bill ought to be greeted gladly even though many current docents will encounter distress because they will simply be degraded. However, if we want education to develop properly and for truly academic competition to exist in this field, then the situation must be clear. Genuine didactic and scholarly accomplishments must be what counts whereas nonessential criteria must be eliminated. This is the principle adopted by the administration of the national education ministry and it wants to implement it consistently.

The simplification of the hierarchy of academic degrees and titles constitutes a radical change contained in the bill regarding titles and academic degrees. It grants veritable autonomy and self-government to institutions of higher learning on condition, however, that they are genuine educational institutions, i.e., academic institutions.

Admittedly, a decision has not been made with regard to introducing a distinct classification between academic institutions and higher vocational schools; however, the scope of autonomy is determined by the quality of a school. Thus, the statute or what may be called a kind of educational constitution is to be ratified by a two-thirds senate majority vote and the minister will have nothing more to say in this case (of course, as long as the law has not been violated). However, this pertains only to those educational institutions which offer at least 8 fields of study and employ at least 100 professors. In the remaining institutions, the minister ratifies the statute.

This problem, probably the most controversial one, has been treated in a variable manner by the authors of the bill. In the second variant, it is proposed that educational institutions, in which all departments have the right to confer the degree of doctor habilitatus, should decide independently about their own statute.

Another substantial change concerns the makeup of the Chief Council for Learning and Higher Education. Thus far, every institution of higher learning, regardless of its size or number of independent academic employees, has had one representative in this organization. It is being proposed currently that it be made up of 33 members (23 professors, 7 other academic instructors with an academic degree, and 3 student representatives). Therefore, the representation would be proportional; the more professors an institution would have, the more of its representatives in the Council.

The bill has not attempted to solve yet another controversial problem: whether to maintain an institution's subordination to various ministries or whether—something that would be a very logical solution—to assemble all of them in one ministry. The proposal of uniting, for example, the medical academy with universities returns from time to time and in some centers, attempts of integration are even timidly being undertaken. For the time being, the issue remains open. In the future, it will undoubtedly have to be resolved.

In any case, the drafts of both laws are conceived in such a way that as the situation develops, e.g., the final decision as to how the entire sphere of education will be arranged and what its organizational system will be like, legal solutions may be relatively easily adapted.

In the next few days, discussions in institutions of higher learning will conclude. By the end of January, the proposed laws will be presented for deliberation to the Chief Council for Learning and Higher Education. If the opinions will be favorable, then there is a chance that the laws, particularly the law on higher education will be passed by the Sejm so that the spring elections of academic administrations held in institutions of higher learning could be carried out in a democratic fashion. Therefore, the fate of educational democracy in institutions of higher learning today depends mainly on the academic communities themselves.

Rural Education: Statistics Reveal Growing Crisis

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[Article by Ryszarda Moszczenska: "A Constant Uphill Battle"]

[Text] "The state of rural education is a disaster"—this is being repeated currently during various debates on education. And various figures are being quoted: 10 percent of every age-group in rural schools does not complete eighth grade; 3 percent of rural elementary school students repeat a grade (in cities, this comes to 3.3 percent); and 30 percent of

recruits, mainly from rural areas, cannot read—something that is alarming to the military.

An insignificant number of first-graders eventually go for their secondary school diplomas or college diplomas. In 1987, from among 58,000 newly admitted students, only 3,285 were children of private farmers, and 163 children of agricultural production cooperative workers. The majority of rural students "fall out" of the school system for nonworking students. Consciously or forced by life's circumstances, they choose the simplest forms of education, thus, basic vocational schools including agricultural schools, schools of various levels for working students offering various specialties as well as all kinds of vocational preparatory courses. A rather large number of young people end their school career on the obtainment of an eighth grade completion certificate and this frequently with quite a delay. For a rural student, the theoretically existing overlapping between the individual levels of education is a myth.

Apart from all the difficulties arising from the place of residence, family background and the chores performed by a child in the household and on the farm, the school is the one to blame for discrimination against the rural student as opposed to a student from the city. Of course, this pertains to the school in a general sense because, after all, there are rural schools and rural secondary schools that fulfill their educational, training and tutelary functions without reproach. Furthermore, they are the ones that stimulate educational ambitions in students.

In order to illustrate the current state of rural education it is enough to take a look at some GUS data. During the 1987/88 school year, there were 17,129 elementary schools in the country of which as many as 12,782 were in rural areas. More than half of them had from 21 to 120 students and as many as 165 with less than 20; on the other hand, only 2,174 schools had from 201 to 400 children, thus, the most appropriate number for their proper education and development guaranteeing the fullest service value of a school—naturally, if such a school also has adequately educated teachers, who are also connected to the teachers' community; a full library and is equipped with teaching aids at least on an average scale.

Unfortunately, such is not the case. The rural school system is disadvantaged in all the above respects, although, statistically it should have better working conditions because class size is smaller. Nonetheless, there are rural school buildings (barracks) that go back to the times of Czar Nicholas. Exactly how many? That is hard to tell, but undoubtedly many. How many millenium memorial schools have changed hands or are falling apart? We don't know the exact number here, either, but quite a few. How many schools have been closed down justly or unjustly within the framework of improving the school network in rural areas? In the 1970/71 school year, there were nearly 23,000 schools, whereas, today, there are 10,000 less. However, in the beginning of the past decade, there were scarcely 8,500 of them.

The worst statistics in terms of the educational level of teachers come from agricultural voivodships. Another issue is the number of educational councils. The issue of combined classes continues to be far from resolved; such classes are found in small schools with grades from one to three as well as in full eight-grade schools.

Finally, continual difficulties with nutrition and transportation affect primarily rural students. It is their families that are forced to bear the increasingly felt costs of providing for their children outside the home in elementary school, more rarely in vocational secondary schools or still more rarely in general secondary schools. The scholarship system has been undergoing a lot of commotion for years and almost everything may be said about it except that it encourages rural youth to continue their education, particularly at the secondary school level. There is also a shortage of boarding schools for these young people.

As far as I can remember (and I am looking back these 20 some years), there has been continual loud wrangling with regard to equalizing chances and the elimination of differences. Not much has been accomplished. The differences and barriers have remained whereas opportunities are even more disparate than before. And while we are on this subject, it would be a good idea to give up the general opinion that all children from rural areas come from well-to-do households (because each household has a chicken which lays eggs at 600 zloty apiece) just as it is untrue that all rural teachers are poor, thus, supposedly losing the respect and esteem of the "wealthy" community. As is generally the case, the truth lies somewhere in between.

The institutional causes of the poor state of the rural school system were described and analyzed by Prof. Mikolaj Kozakiewicz in a topic report entitled "Education in Rural Areas. The State and Directions of Reconstruction." This work accompanies the main report of the Experts Committee and treats in breadth the postwar changes in rural education. Thus, by the end of the 1950's the, at that time, utopian proposals became implemented that had been made by educators shortly following the regainment of independence. In 1919, the need was pointed out at the Teachers Sejm for, among other things, the creation of a uniform and compulsory seven-year school for all urban and rural dwellers, a five-year general secondary school, and vocational schools a part of which should prepare and qualify students for advanced studies and general higher education for all teachers.

It is hard to deny that these dreams were fulfilled, although, the latter, more on paper as an entry in the Teachers Charter. In 1987, 55 percent of all teachers and 42 percent of teachers in rural areas had a higher [college] education. It was not until the 1960's that thought was given to modernizing rural schools and making them equal to those of large urban centers. The goals of the successive changes were respectable and theoretically valid; after all, the point was to raise the standard of education of rural

dwellers. Unfortunately, the implementation of the succeeding reforms was disastrous and such were also their effects. The goal was not accomplished either by the prolongation in 1960 of elementary schools to include the eighth grade (20 to 25 percent of the children did not complete it at the time) or the centralization of the school network, i.e., the creation of gmina collective schools and their branches or by the begun and immediately discontinued preparations for 10-year schools which left incompetent rural schools a ballast in the form of difficult programs and overburdened teaching schedules. Actually, these plans and programs are the only point at which rural and urban schools were made equal.

In planning all of these changes, the traditional character of the Polish rural community, its dispersion as well as the social and culture-forming role in which even the smallest school played in it were not taken into consideration. Financial, building, cadre and supply difficulties were also not taken into account. No one foresaw the approaching economic crisis. However, it was possible, for example, to prepare housing for teachers beforehand or well-functioning buses or vans for transporting children. I remember that in one of the first 12 model gmina collective schools, one had to go to the toilet behind the nearby barn. On the other hand, in several of the model schools, which were prepared by all the school superintendents' offices and in which on 1 September all-Polish start-of-classes inaugurations were held with great pomp and circumstance, lavatories and cabinets were locked with a key immediately following the departure of the minister so that the children and teachers would not damage something.

The proverbial nail in the coffin for the rural schools system was the elimination of the district level of administration in the education sector and finally turning it over to gmina

officials subordinate to the gmina manager and not the school superintendent. The only thing remaining is hope that in the new legislation on territorial self-government, education will be positioned logically.

And as for the continuing fate of rural education, the new government will decide about that. Minister Henryk Samsonowicz has expressed his awareness of its bad state and great concern and interest in it. He has announced the appointment of a team of experts who will involve themselves in outlining remedial changes. In the previously mentioned report, Professor Mikolaj Kozakiewicz favors the concept of a centralized network of schools in rural areas along with transporting older children to collective schools. At the same time, he feels that the mistakes of various reforms should not be used to undermine the idea itself and the direction of the reform but that a critical assessment should be made of the way in which it is to be carried out "without assuring elementary organizational conditions, without creating an adequate infrastructure for the implementation of new tasks and without properly educated cadres."

On the other hand, the conclusions that the professor derives from the 45 years of the education sector's ups and downs sound like a warning: all attempts at reforming the rural school system, particularly by the considerable extension of the duration of studies and by raising standards, constitute the most difficult and most expensive aspect of educational reform because of the scattered nature of the settlement network. Furthermore, the degree of reality of the particular reform measures in rural education is an effective gauge of the entire educational reform since its implementation only in towns and cities and not in rural areas, means the exclusion from future progress of 40 out of every 100 students in the country.

And so much for the new reformers.

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